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PUBLIC UTILITY COMMISSION

SECRETARY'S OFFICE

Public Utility Commission

Pennsylvania Public Utility Commission, et al. :
versus Philadelphia Electric Company. :
Investigation into a requested \$660 million : Docket No.
annual rate increase. : R-850152

Public Input Hearing

Pages 1 through 145

Sanctuary
Arch Street United Methodist
Church
Broad and Arch Streets
Philadelphia, Pennsylvania

Tuesday, February 4, 1986

Met, pursuant to notice, at 1:35 p.m.

BEFORE:

JOSEPH MATUSCHAK, Administrative Law Judge
ROBERT BENNETT (For Chairman Taliaferro)
ROBERT LONGWELL (For Commissioner Fischl)

APPEARANCES:

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(For PUC Trial Staff)

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APPEARANCES (Continued):

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE JOSEPH MATUSCHAK: I am
3 Administrative Law Judge Matuschak, and I have the first
4 crack at this rate case.

5 Before I get started, I want to introduce to you
6 Mr. Bennett, who is representing the Chairman, Linda
7 Taliaferro, at this proceeding.

8 Mr. Bennett?

9 MR. BENNETT: Thank you, Judge. My name is Bob
10 Bennett. I work for Chairman Taliaferro, and she sent me
11 this afternoon to hear your comments, and I will be reporting
12 directly back to her. I will be helping the Chairman to
13 analyze the Judge's recommended decision and the position of
14 the parties in the case. It is important for me to hear what
15 you have to say so that we can include that in the Chairman's
16 position on the case.

17 Thank you.

18 JUDGE MATUSCHAK: I have Mr. Robert Longwell, who
19 is representing Commissioner Fischl.

20 MR. LONGWELL: Thank you. My name is Robert Longwell,
21 and I am here today representing Commissioner Frank Fischl.
22 My role is similar to Mr. Bennett's. I will be reporting
23 back to Commissioner Fischl on what occurs here today.

24 I would like to just remind you that it is very
25 important to testify here on the record today, because the

1 record is what the Commissioners are required to base their
2 decision on. The people that are here, all the parties, will
3 be helping to develop that record, and the Commissioners will
4 be required to make their decision based on that record.

5 If you have any questions concerning Commissioner
6 Fischl's role, I will be glad to attempt to answer those.

7 Thank you.

8 JUDGE MATUSCHAK: Before we go further, I would like
9 to present Michael McGrail, Counsel for Philadelphia Electric
10 Company, who will give you an idea of what the nature of
11 the application of Philadelphia Electric Company is in this
12 rate case.

13 MR. McGRAIL: Good afternoon. My name is Michael
14 McGrail, Counsel for Philadelphia Electric Company. With
15 me today is Thomas Hill from the company's Rate Division.

16 On September 27, 1985 when the company filed this
17 rate request, with that filing the company presented
18 extensive testimony and exhibits to support its request to
19 recover what it believes are the reasonable costs associated
20 with the construction of Limerick Unit No. 1.

21 Since that time, the company's witnesses have been
22 cross-examined and opposing parties have filed their own
23 testimony. That testimony will soon be cross-examined.

24 Additional testimony by the company and opposing
25 parties will be submitted and further hearings will be held.

1 The record in this case will close in the middle of March
2 of this year; and after the record closes, the ALJ will issue
3 a recommended decision. The Commission will review that
4 decision and make a final order in this case around the end
5 of June of this year.

6 We are here today to take any comments that ratepayers
7 and the general public may have on the rate request. That is
8 our purpose here.

9 Thank you very much.

10 JUDGE MATUSCHAK: Thank you.

11 We have here Ms. Veronica Smith, who is representing
12 the Prosecutory Staff of the Commission.

13 Ms. Smith?

14 MS. SMITH: Thank you. My name is Veronica Smith,
15 and I do represent the Commission Trial Staff in this
16 proceeding.

17 I just want to tell you briefly what we do, because
18 this is really your time and I don't want to monopolize it.

19 We act in an independent case separate from the
20 Commission in these proceedings. We present our witnesses;
21 we conduct our investigation; we go through discovery
22 procedures against the company seeking information from
23 the company.

24 At that time, we develop testimony and put on a case
25 before the Commission. We are by statute required to provide

1 for the public interest and see that the public interest is
2 put before the Commission.

3 I would like to encourage you to please have sworn
4 testimony. It adds some additional weight. Under the new
5 law, the Commission must take this into consideration when
6 they make their decisions, and it's critical.

7 We have in the past used public input testimony in
8 our briefing and in presenting our case before the Commission.
9 I would encourage you to please say what you want. There
10 is no retribution or anything. There is no problem with you
11 making statements.

12 If you have any questions concerning any consumer
13 service problems that you might have, we have here Mr. George
14 Dowd from the Bureau of Consumer Services, who will be
15 available throughout the proceedings today and tonight to
16 help you with that.

17 Thank you.

18 JUDGE MATUSCHAK: Thank you, Ms. Smith.

19 We have here Mr. David Wersan, who is representing
20 the Office of the Consumer Advocate.

21 Mr. Wersan?

22 MR. WERSAN: Thank you, Your Honor. My name is
23 David Wersan. I am with the Office of the Consumer Advocate.
24 We are an independent state agency representing the ratepayers
25 before the Public Utility Commission in this case.

1 To date, we have filed a number of pieces of testimony
 2 challenging the company's claims. The pieces that I consider
 3 most noteworthy concern the cost to construct Limerick, which
 4 we believe is overpriced in effect due to delays in construc-
 5 tion and also due to an error in the design of the reactor
 6 when it was first designed.

7 Secondly, we believe that Limerick represents excess
 8 capacity for which ratepayers should not be charged.

9 The bottom line of our case so far is that the
 10 company should receive no more than a 5 percent increase
 11 compared to the 30 percent they have requested. That number
 12 may hopefully go down before the end of the case based upon
 13 other testimony by other parties.

14 If you do have any questions or any consumer problems,
 15 you can speak to either Mr. Dowd or to myself, and we will be
 16 happy to help you out.

17 I urge you to give sworn testimony so that we may use
 18 it in our briefs to the Judge and to the Commission.

19 Thank you very much.

20 JUDGE MATUSCHAK: Thank you.

21 We have also with us Charles Rainey, Jr., who is
 22 representing the City of Philadelphia.

23 MR. RAINEY: Good afternoon. My name is Charles
 24 Rainey, and I am representing the City of Philadelphia in
 25 this particular case.

1 Briefly, we have filed testimony thus far with regard
2 to the economic impact of the proposed increase by Philadel-
3 phia Electric Company.

4 To echo what was previously said by the other parties,
5 it is your opportunity today to put on the record your
6 feelings with regard to this particular case.

7 Thank you very much.

8 JUDGE MATUSCHAK: Thank you.

9 Lastly, we have Attorney John Hanger, who represents
10 several consumer groups.

11 MR. HANGER: Thank you. My name is John Hanger. I
12 am an attorney with the Community Legal Services, and I
13 represent Action Alliance of Senior Citizens, ACORN,
14 Consumers Education and Protective Association, Philadelphia
15 Citizens for Action, and an individual complainant, Mr.
16 Bradshaw.

17 Our concern in particular is the impact of these
18 very high rates and the incredibly high proposed rates on
19 low-income individuals. It is our belief that thousands
20 of low-income individuals will in effect not be able to have
21 electric service if these rates are implemented as proposed.

22 JUDGE MATUSCHAK: Thank you. I would make a few
23 preliminary remarks. You know the Commission has scheduled
24 these public input hearings for the purpose of hearing from
25 those people who are the customers, the ratepayers of the

1 company, so that their expressions may be a part of the record
2 of this proceeding along with all of the technical hearings
3 that we have in connection with this application.

4 In connection, in order that remarks may be a part of
5 the record, we will ask that you be sworn or affirm that
6 your testimony is correct.

7 Now, there are some comments that may be made that
8 may be different expressions that may not coincide with
9 yours by some of the speakers. We ask you to give each
10 speaker the same courtesy that you would expect to receive
11 if someone disagreed with your comments.

12 I am not going to put a time limit on your comments
13 or expressions, but if we feel that you have made your point
14 well and sufficiently, we will rise and thereby give you an
15 indication that we think that you should conclude your
16 remarks.

17 So we ask each one of you to give the speaker close
18 attention and to abide by the common law, democratic rules
19 that we have in this country.

20 MR. DeFRATER: Judge, you are the Judge in this
21 proceeding. I am asking you as the Judge in this proceeding,
22 why, if this is so important, why aren't the Commissioners
23 themselves who are going to make the final outcome of this
24 not here? Why are representatives sent instead of the people
25 who are going to make the decisions? Why are they not here

1 to hear the testimony?

2 JUDGE MATUSCHAK: The representatives are here. They
3 can respond to your question better than I can. I have no
4 control over them.

5 Do either one of you gentlemen wish to make a response?

6 MR. BENNETT: Yes, sir. Today the Commissioners are
7 in Harrisburg meeting in what we call an R&R session, and
8 they are getting ready for this week's public meeting agenda.
9 There are a number of other cases that are before the
10 Commissioners that they have to deal with on a weekly basis.

11 The policy in our office is that either myself or
12 another attorney on the staff, whichever staff member has
13 been assigned to the case, goes to the public input hearings
14 when the Chairman can't go because of the press of other
15 business.

16 So since either I or another attorney in the office
17 will be working directly on the case and then reporting back
18 to the Chairman, given her other schedule, that's about the
19 best that we can do.

20 MR. LONGWELL: I will just note that there are many
21 public input hearings on many cases throughout the state,
22 and very simply, the Commissioners could not and cannot go
23 to all of them.

24 JUDGE MATUSCHAK: I would say in that connection that
25 you do not have to be afraid that the Commission is not going

1 to hear about this case in the proper manner. In the first
2 place, the various parties present their side of the case;
3 we make our recommended decision; and then the various parties
4 can take exceptions to that decision; and then that goes
5 before the Commission, and they have the benefit not only
6 of the briefs of the parties, but of exceptions to our
7 decision and our own recommended decision.

8 So before this case is over, you can bet that the
9 Commissioners will have been well informed of all aspects
10 of this case.

11 Thank you. Let's get started here so that we may
12 give as many people an opportunity to comment as possible.

13 We have before us former Representative Hoeffel. Is
14 he here?

15 MR. HOEFFEL: Yes, Your Honor.

16 Whereupon,

17 JOSEPH M. HOEFFEL

18 having been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 MR. HOEFFEL: My name is Joe Hoeffel. I am testifying
21 today in opposition to the nearly 30 percent increase in
22 electric rates sought by Philadelphia Electric Company over
23 the next three years to pay for the Limerick 1.

24 The Philadelphia area will be jolted by an electric
25 rate shock if this rate increase is approved as submitted

1 to the Public Utility Commission.

2 PECO is seeking rate increases of nearly 10 percent
3 for each of the next three years to recover the construction
4 costs for the completed Limerick 1 facility and for the
5 common plant which will serve both of the reactors proposed
6 for Limerick. These costs, originally forecast by PECO to
7 be \$344 million, ultimately grew to \$3.8 billion.

8 Pennsylvania Public Utility law clearly permits
9 utilities to recover construction costs for new plants when
10 they begin to produce electricity and become "used and useful."

11 As a former State Legislator from Montgomery County, I
12 support this law permitting the recovery of the reasonable
13 costs of sensible construction programs.

14 Unfortunately, the costs associated with Limerick 1
15 are not reasonable, and PECO's fanatical commitment to
16 complete Limerick 1 and 2 is not sensible.

17 PECO blames the huge increase in the costs of
18 Limerick 1 on forces out of its control, but clearly a large
19 amount of the increased cost was due to construction delays
20 ordered by the utility itself. The utility's shareholders
21 should pay for those management decisions, not the utility's
22 ratepayers.

23 When Limerick 1 fully comes on line, PECO's percentage
24 of electricity generated by nuclear plants will rise from
25 20 percent to 50 percent. Completion of Limerick 2 will

1 increase this dependence on nuclear power even more.

2 Even in the fact of growing public opposition to the
3 increased costs and truly unknown risks associated with such
4 a heavy dependence on commercial nuclear power, PECO has
5 bitterly resisted all efforts in the last 15 years to
6 moderate its rigid devotion to nuclear power.

7 It is difficult for average citizens to fully under-
8 stand intricacies of utility law and ratemaking, and so the
9 Public Utility Commission was created by the State Legisla-
10 ture to master these intricacies and represent the common
11 good.

12 I call upon the Commission to make appropriate reduc-
13 tions in this exorbitant rate hike request to protect the
14 ratepayer from poor management decisions by PECO.

15 I also ask the Commission to aggressively promote
16 alternative means of providing for this region's electric
17 needs, which should include the development of conservation
18 programs and co-generation projects.

19 I can attest to the implacable opposition of PECO
20 to these progressive and sensible alternatives, in particular
21 to the utility's unreasonable opposition to a bill I co-
22 sponsored with many others in the Legislature to promote
23 co-generation projects by private industry, and I hope the
24 Commission will act as forcefully as possible to develop
25

1 these worthwhile alternatives to protect the best interests
2 of electric ratepayers and all Pennsylvanians.

3 Thank you, Your Honor.

4 JUDGE MATUSCHAK: Thank you. We have with us today
5 a number of college representatives, who have asked to speak
6 on behalf of their institutions.

7 If you bear with me, we would like to get them called
8 so they can return to their duties.

9 First we have Phyllis Lachs -- Mr. Liacouras, President
10 of Temple University, will speak first.

11 Whereupon,

12 PERTER J. LIACOURAS

13 having been duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 MR. LIACOURAS: Judge Matuschak, Mr. Bennett and
16 Mr. Longwell, it is a pleasure to be with you this afternoon,
17 and I am not here to talk about the Philadelphia Electric
18 Company, but instead about our institution, Temple University,
19 and what PECO's proposed rate increase of 28.2 percent over
20 the next three years would mean for Temple University and
21 our students.

22 Approval of this rate increase would mean \$104
23 additional tuition for each Temple student by the third
24 year and in each year thereafter and only to cover the
25 additional electric bill.

1 To give you some background, in 1979, the electric
2 bill at Temple was \$4.3 million. Today, it has doubled
3 that; \$8.6 million. So, in 1986, we paid twice as much for
4 just about the same amount of electricity as we consumed and
5 paid for in 1979. You can imagine the use we could have made
6 of that \$4.3 million for educational purposes.

7 For that seven-year period, tuition increases to
8 our students directly attributable to the electric bill
9 increases amounted to four and one-half percent or \$138.

10 Now, this proposed rate increase would add an addi-
11 tional 3.3 percent or \$104 per year to our tuition. The
12 student at Temple now pays, if he or she is a resident,
13 \$3,092. This 3.3 percent additional tuition would be for
14 only one aspect of doing business at Temple. The additional
15 electric bill resulting from this rate increase, the 3.3
16 percent tuition increase of \$104, would be over and beyond
17 any tuition increase to meet our normal operating costs for
18 employee compenstation, fringe benefits, other plant opera-
19 tions, library, amortization of equipment, repairs of
20 buildings and other similar costs incurred annually by any
21 university.

22 In the seven-year period that our electrical rates
23 doubled, we did not increase our consumption more than a
24 trifle. What's more, the university comes to you as an
25 institution which has initiated energy conservation programs

1 and plans additional ones.

2 You may ask: why is that \$104 a year tuition increase
3 such a burden? The answer lies -- and the reason I'm here --
4 in the special niche which Temple University holds for working
5 people and their families who attend this great senior
6 comprehensive public university in Philadelphia.

7 Our students cannot afford it. Eight out of ten of
8 the Temple students work their way through college. Forty
9 percent of our students during the academic year work at
10 least 20 hours a week. Twenty-five percent of our students
11 work 30 hours a week or more. This is work over and beyond
12 summer employment. Our students work their way through
13 school and often help their own families meet family expenses.

14 Five years ago, Temple University was able to meet
15 100 percent of the financial needs of our students. Today,
16 we are only able to meet about one-half of those demonstrated
17 financial needs. So, any further tuition increase hurts
18 us very much and right at the bone.

19 Our students have paid for electric rate increases
20 for these past seven years. That is because while the
21 electric bill was going up at the rate of 100 percent from
22 1979 to 1986, the state appropriation for the university
23 increased by 46 percent and our tuition increased by
24 95 percent.

25 Over the past three years, we have held our tuition

1 increases to 5 percent, 5 percent and 7 percent, respectively.
2 We have made personnel cuts, reduced the usable physical
3 plant, made other cutbacks, and taken steps to conserve
4 energy. Temple University cannot further divert scarce funds
5 from our education mission. We do not have unrestricted
6 endowments or unrestricted plant funds or a reserve fund
7 to tide us over in a crisis for unanticipated cost increases
8 like the one under consideration today.

9 We simply cannot absorb this 28.2 percent rate increase
10 without this tuition hike.

11 We intend to remain true to the ideals of the founder
12 of Temple University, Dr. Russell Conwell, who more than a
13 century ago opened Temple as the special province of highly
14 motivated, intellectually gifted, perseverant students from
15 families of modest means, and from every race, religion,
16 national origin and neighborhood, students who seek to realize
17 the American dream through a quality Temple education.

18 We, therefore, respectfully request that you carefully
19 consider the effect this proposed rate increase would have
20 on Temple University and those we serve. And, Judge
21 Matuschak, we are confident that you will fairly balance the
22 interest of the consumers with the interest of the utility.

23 Thank you.

24 JUDGE MATUSCHAK: Thank you.

25 (Applause.)

1 JUDGE MATUSCHAK: Phyllis Lachs?

2 Whereupon,

3 PHYLLIS S. LACHS

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 MS. LACHS: I am Phyllis Lachs, and I represent
7 Bryn Mawr College, which is a small, independent college
8 of 1,800 residential students.

9 If the proposed rate increase goes through, the
10 additional cost to Bryn Mawr College would be approximately
11 \$207,000. As an independent college without support from
12 the public sector, this would be a crushing blow, one that
13 would result in severe tuition burden increases to our
14 students.

15 Thank you.

16 (Applause.)

17 JUDGE MATUSCHAK: Thank you.

18 Janet Baker?

19 Whereupon,

20 JANET BAKER

21 having been duly sworn, testified as follows:

22 DIREC TESTIMONY

23 MS. BAKER: Good afternoon. My name is Sister Janet
24 Baker. I am a Sister of Mercy representing Wynned College.
25 Our college is a small, independent Catholic college in the

1 northwest suburbs of Philadelphia, and we have been serving
2 over 40 years a community of women and now men who are
3 preparing primarily for health and medical careers and also
4 teaching careers.

5 Many of the students who come to us are very
6 dependent on our assistance to them and also on our ability
7 to keep our tuition rates at a moderate cost. An increase
8 in the electric bill to our university would completely
9 wipe out the recent efforts that we encouraged towards energy
10 conservation. The exact percentage that we had saved would
11 completely disappear, and one more time we would have to pass
12 those costs onto our students.

13 Primarily what I would like to appeal to the Philadel-
14 phia Electric Company concerns the kind of relationship
15 that we are trying to encourage ourselves between corporations,
16 education and families. We are trying to work jointly
17 together, not as adversaries. I think this is going to place
18 us one more time in an adversarial relationship, and I would
19 like to encourage whatever could be done for non-profit
20 organizations who already are bearing a great deal of the
21 burden for public service; that without their help, we really
22 won't be able to do that.

23 I think tonight when we hear the State of the Union
24 Address, one more time we are going to recognize that families
25 are going to be bearing the burdens of all of our costs, and

1 as those who serve families, I would appeal for them: please
2 help us to serve those students who come to us with moderate
3 means but great talent.

4 Thank you.

5 (Applause.)

6 JUDGE MATUSCHAK: Thank you.

7 David Christianson?

8 Whereupon,

9 DAVID CHRISTIANSON

10 having been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 MR. CHRISTIANSON: My name is David Christianson. I
13 am here representing the Philadelphia College of Pharmacy and
14 Science. The college is a private institution of higher
15 education with an enrollment of about 1,190 students.

16 Tuition payments are our primary source of income.
17 In order to stay competitive, we operate a very tight budget.
18 Since we do not receive state appropriations, all increases
19 and expenses are passed straight on to our students. The
20 impact of the proposed rate increase on each of our students
21 will be \$110 over a three-year period.

22 Each of our students is already paying \$380 per year
23 also on our electric bill. This increase, if approved, will
24 come at a time when students can least afford it.

25 In recent years, they have been faced with continual

1 decreases in financial aid and loan programs. This rate
2 increase may well be the last straw for many students at our
3 institution.

4 Therefore, for the sake of those students and that of
5 higher education in general, we respectfully request that the
6 Commission reject the proposed rate increase as it is currently
7 structured.

8 Thank you.

9 JUDGE MATUSCHAK: Thank you.

10 (Applause.)

11 JUDGE MATUSCHAK: Donald B. Kelley?

12 Whereupon,

13 DONALD B. KELLEY

14 having been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 MR. KELLEY: For Swarthmore College and I am sure
17 other universities can prove through their records that we
18 have done our part in reducing our energy waste. Yet, these
19 records show that the more we reduce our energy waste, the
20 higher our electric costs are.

21 Looking at the red line, it goes out of proportion
22 right across the line with what our demands were for the last
23 ten years.

24 If PECO receives this rate increase, our students at
25 Swarthmore will be paying the same costs for electricity as

1 a family of four in an average house of seven rooms. This
2 is why we are asking a denial on the rate increase and charge
3 that PECO's management be accounted for showing us what they
4 have done to reduce their energy waste and operating costs.

5 If PECO cannot furnish this data, then I suggest that
6 they file for Chapter 11 Bankruptcy.

7 If the local fuel company, which is in the paper
8 today, can show us that fuel can be bought for 1974 prices,
9 why can't electricity be bought for 1974 prices or 2 cents
10 a kW? Thank you.

11 (Applause.)

12 JUDGE MATUSCHAK: Gene E. Prouty?

13 Whereupon,

14 GENE E. PROUTY

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 MR. PROUTY: My name is Gene Prouty. I am the
18 Director of Physical Plant at Thomas Jefferson University.
19 Thomas Jefferson is comprised of three education institutions;
20 the Medical College, the College of Graduate Studies, and
21 a College of Allied Health Sciences, as well as the hospital,
22 which is our major source of revenue.

23 Our university utility costs are one of the greatest
24 uncontrollable expenses in our budget planning. If fact,
25 since energy costs are the largest single item in the

1 corporate budget, PECO's proposed 30 percent rate increase
2 would have a major impact on this institution.

3 Because electricity accounts for more than half of
4 Jefferson's total utility bill--the costs for electricity for
5 this year are budgeted at \$5.6 million -- PECO's increase
6 would skew our ability to provide health care services as
7 well as medical education to the people of the Philadelphia
8 area and the greater Delaware Valley.

9 We have made every effort to reduce energy consumption
10 as have most of our sister institutions, but the rate increases
11 that we have received over the past few years have more than
12 offset the amount of consumption that we have been able to
13 save.

14 In order to offset the major increases caused by a
15 30 percent increase in PECO's rates, we would have to adjust
16 our long-range budgeting in discretionary areas by raising
17 tuition, limiting financial aid, and passing on some costs
18 to the hospital patients.

19 The need to expend funds on electric fees would hamper
20 our efforts to provide medical education and excellent
21 patient care at current price levels.

22 It may also be necessary to make other adjustments
23 such as limiting the funds available for research or even
24 laying off employees in order to cope with the increased
25 operating costs resulting from the PECO request.

1 I believe that granting the proposed rate increase
2 would have a major adverse impact on the budget of this
3 institution with negative ramifications for the cost to
4 health care in the Delaware Valley.

5 Thank you.

6 JUDGE MATUSCHAK: Thank you.

7 Thomas E. McDuffy?

8 Whereupon,

9 THOMAS E. McDUFFY

10 having been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 MR. McDUFFY: My name is Thomas E. McDuffy. I am
13 Vice-President for Administrative Services at St. Joseph's
14 University.

15 Let me share very rapidly -- I will attempt to be
16 brief -- I hope to share some ideas about the impact of this
17 rate increase on private higher education and suggest at
18 least one slight alternative.

19 First off, I must tell you I come here with mixed
20 emotions, because my mother, an 84-year-old widow, is now
21 a capitalist; she owns 100 shares of Philadelphia Electric.
22 It's done quite nicely, if you will notice, even while
23 paradoxically oil prices are going down. That's not my
24 point. My point is that private higher education in the
25 State of Pennsylvania, most specifically in the area served

1 by Philadelphia Electric, will be greatly impacted by the
2 proposed increase.

3 At St. Joseph's alone, approximately \$700,000 goes
4 into electric bills each year. With a 28 percent increase,
5 we can anticipate that approximately \$175,000 more will go
6 into electric bills. That boils down to the tuition and
7 fees from roughly 35 students.

8 I suggest to you that there are many other uses we
9 could make rather than paying PE bills. They could go into
10 laboratories, libraries, scholarships, a host of things
11 that others have mentioned.

12 The private sector needs some relief as does the
13 public. But the private sector particularly needs it, because
14 if the students can't pay their tuition bills, they are
15 going to go to the public sector which means tax bills for
16 you. If they can't go to the private sector, they are
17 going to return to other states, which means a drain on
18 the area's economy.

19 So let me make a suggestion, and the suggestion is
20 this: PE should set up a separate rate structure, as I
21 believe exists with water and gas, for the non-taxed
22 institutions. This separate structure would relieve to a
23 degree the impact on private education and ultimately, I
24 believe and hope, increase the impact on the Delaware Valley.

25 Thank you.

1 JUDGE MATUSCHAK: Now, we have State Representative
2 Babette Josephs.

3 Whereupon,

4 ROSEMARY McANDREW

5 having been duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 MS. McANDREW: My name is Rosemary McAndrew. I am
8 Legislative Aide to Babette Josephs. The State Representative is
9 in Harrisburg today. The Legislature is in session, and she
10 asked me to come and give her testimony for her.

11 If Philadelphia Electric Company gets the rate increase
12 it is now requesting, Philadelphians will have the highest
13 average current bill in the nation. PECO needs this increase
14 in order to pay for Limerick. For years, I, along with many
15 activists, have been advocating for the cancellation of
16 Limerick Unit 2. We have claimed that the cost of it is more
17 than Philadelphia can bear. It appears that we were all too
18 right.

19 Raising consumers' electric bills is bad enough;
20 thousands of Philadelphians and suburbanites will have to do
21 without electricity altogether. Worse, perhaps, is the impact
22 the rate raise will have on the economy of the entire region.

23 Studies have shown that we could lose up to 19,000
24 jobs. Businesses that are energy intensive and mobile will
25 go. Consumers will have less purchasing power.

1 Those who travel to work on SEPTA will be socked with
2 another fare increase. Taxes will have to be increased. It
3 will cost more to light our streets, deliver water to our
4 homes and factories, and educate our young people.

5 We cannot afford an almost 30 percent increase in a city
6 where almost half of the people already live at or close to
7 the poverty line.

8 Recently the General Assembly gave the Public Utility
9 Commission the right to cancel the construction of any plant
10 which it found not to be in the public interest. I voted
11 for that legislation. It is most unfortunate that the PUC
12 did not use its power to cancel Limerick 2.

13 There are many alternatives to nuclear power plants
14 which have proven less costly when used by utilities in other
15 parts of the country. These include the use of oil and gas-
16 fired plants, co-generation, and energy conservation.

17 However, the Public Utility Commission has taken the
18 position that it cannot legally order PECO to conserve or co-
19 generate with the predictable result that the company made no
20 significant commitment in these areas.

21 I am presently working with lawyers and energy effi-
22 ciency experts on legislation which will give the PUC that
23 power. I hope it will be exercised.

24 Once more, I urge you not to approve this rate
25 increase.

1 (Applause.)

2 JUDGE MATUSCHAK: Thank you.

3 David Cohen?

4 DR. JOHNSON: Excuse me, Judge. Are you going off
5 the list? These people all came in after me.

6 JUDGE MATUSCHAK: I beg your pardon?

7 DR. JOHNSON: Are these people more important than
8 us? I signed a list.

9 JUDGE MATUSCHAK: I understand, and I promised that
10 we would call the university people first.

11 DR. JOHNSON: These are not university people. These
12 people are no more damn important than I am.

13 JUDGE MATUSCHAK: Very well. We will proceed.

14 (Applause.)

15 Whereupon,

16 DAVID COHEN

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 MR. COHEN: I am City Councilman-at-Large, David
20 Cohen. I speak as a ratepayer and as a taxpayer and as
21 the elected representative of all of the residents of the
22 City of Philadelphia.

23 Rarely, has a public agency had before it a decision
24 of the magnitude of the one now confronting the Public Utility
25 Commission. Its action in this rate case literally will

1 determine the economic future of the City of Philadelphia
2 and all of southeastern Pennsylvania.

3 As a city, we have been buffeted by severe economic
4 difficulties in recent years with high unemployment, jobs
5 fleeing to other regions of the United States and abroad,
6 federal budget cuts and rapidly rising costs for oil, gas
7 and electricity. We are striving to our utmost to change
8 the situation, and we are beginning to see possibilities for
9 improvement in our local economy.

10 But if this rate increase is granted in full or in
11 large measure, our economy and the City of Philadelphia will
12 once again be in very dire straits.

13 Philadelphia's families are struggling now to pay
14 for their gas, water and electricity bills. One of the
15 problems we have been striving for solutions to is how to
16 prevent the rash of shutoffs of gas and water service to
17 our low-income residents. With this rate increase, electri-
18 city would replace gas as the most expensive utility bill,
19 and we would face a crisis as thousands of people are cut
20 off from this essential service.

21 Even for our moderate and better-off constituents,
22 electric bills of the proposed magnitude would be a major
23 burden. While we are working hard and to some degree
24 succeeding in limiting increases in taxes, SEPTA fares, gas
25 bills, water bills and other costs of living, this PECO

1 increase would wipe out all our other savings.

2 Our businesses, many of which are already operating
3 on low-profit margins and are threatening to shut down or
4 to leave the area, cannot sustain this rate increase.
5 Already firms such as Crown Cork and Seal, which has 24
6 plants throughout the country, has said that the major
7 problem they have with their operations here in Philadelphia
8 is energy costs and that a 28 percent rate increase would
9 force them to close their Philadelphia plant, and you know
10 what that means in terms of unemployment hardship.

11 The same is likely to be true of other major electri-
12 city users. Those firms which do not leave will protect
13 themselves by switching to co-generation, producing their
14 own electricity, as Scott Paper, the University of Pennsyl-
15 vania and Amtrak are already planning.

16 Almost every week another firm or institution
17 announces its plans to go to co-generation, meaning to
18 create their own power. The greater the rate increase
19 awarded, the faster this process will take place. The
20 inevitable result is that the demand for PECO electricity
21 will fall and there will be even a greater burden on small
22 customers.

23 Someone previously testified that as a result of
24 using less electricity instead of getting lower costs, the
25 ordinary consumer has found the result of saving on

1 electricity to be higher costs, and we must not permit that
2 to be happening again.

3 The Public Utility Commission has been presented with
4 testimony from the City of Philadelphia by Professor Schinnar
5 of the University of Pennsylvania. His testimony is to the
6 effect that due to the shift in income which this rate
7 increase would cause from all households and businesses in
8 the five-county area to PECO, we would lose 19,000 jobs in
9 the area. You should note that this disastrous figure does
10 not even include jobs lost due to electricity-intensive
11 firms leaving the region, because this impact was too
12 difficult to calculate; although, we all know it will be
13 very severe.

14 Now, the 19,000 job loss figure includes only
15 the effects of reduced consumer demand cutting into the sales
16 of all firms in the area. Thus, we may lose many thousands
17 more jobs than even the 19,000.

18 This is outrageous. Are all of us to suffer just so
19 PECO's management and stockholders can be protected in their
20 desire for ever-increasing profits? Other agencies cannot
21 afford this increase.

22 If one totals the electricity bills of the city's
23 operating budget, the school district and SEPTA, just those
24 three groups, their electricity bills are already about
25 \$100 million per year before this proposed rate hike would

1 go into effect. Your tax bills from the City of Philadel-
2 phia already represent \$100 million for electricity costs.

3 At a time when none of these essential public agencies
4 know how they are going to balance their budgets, it makes
5 no sense to give tens of millions of dollars additionally
6 to PECO.

7 We should not be forced to suffer the consequences
8 of the building of Limerick when this was a decision made by
9 PECO, not by any of the people in Philadelphia. PECO took
10 the risk. It should suffer the losses.

11 For decades, we have been misled by PECO about the
12 economic promise of nuclear power beginning with the
13 ridiculous hope of electricity too cheap to even meter. That
14 was the original slogan, if you remember.

15 Even in 1981 when the Public Utility Commission
16 investigated the Limerick plants, PECO claimed they would
17 be cheaper than alternatives. We now know how false was this
18 claim. How can something be cheaper when despite the fact
19 that it will provide only about 20 percent of our electricity,
20 Limerick will cause the average cost of all PECO's power to
21 rise by almost 30 percent?

22 Contrary to the public relations stories which PECO
23 is always pulling out about Limerick allowing them to shut
24 down old, inefficient oil-burning plants, power from Limerick
25 will cost four to five times as much as power from PECO's

1 existing oil and gas plants which PECO is systematically
2 shutting down.

3 PECO is only planning to shut down these plants, some
4 of which were due to operate for at least another ten years,
5 in order to be able to pretend that we need Limerick. This
6 is an outrageous hoax. The public should be able to purchase
7 the least costly electricity available.

8 The Public Utility Commission should not allow PECO
9 to shut down these plants and Limerick should be declared
10 what it is, excess and uneconomic generating capacity for
11 which no return should be allowed by the Public Utility
12 Commission.

13 In the 1981 investigation that I referred to
14 previously, PECO said that the Limerick plants would cost
15 a total of \$4 billion. Today they want almost \$4 billion
16 for the first unit alone. With both together, Limerick 1
17 and Limerick 2 are now projected to have a cost of over
18 \$7 billion, and who knows if that projection will prove
19 correct. No previous projection has ever proved to be any-
20 thing other than an understatement.

21 In 1981, PECO said that nuclear power was cheaper
22 because oil would cost \$57 a barrel in 1985. Today oil
23 is dropping below \$20 a barrel. Actually, Texas Western,
24 the basic American crude oil, was below \$17.50 yesterday
25 in the market, and those prices may fall further.

1 In 1981, PECO told us that the demand for electricity
2 would rise rapidly. Yet, today we continue to see that
3 every year the usage projections have to be revised downward.

4 PECO does not have sufficient cooling water to run
5 Limerick. So they now have several applications pending
6 before the Delaware River Basin Commission to get water from
7 other sources, including the Schuylkill River. That would
8 require lowering the water quality standards for that
9 vital waterway from which we draw much of our drinking
10 water.

11 In addition, sportsmen and sportswomen are opposed
12 to draining off water because of serious injury to the
13 waterways.

14 In order to provide for PECO's profit needs, are we
15 to be forced to go without adequate water supplies or are
16 we to pay for the huge cost of Limerick even though it must
17 be shut down for much of the year due to a lack of coolant?

18 All over the United States, regulatory commissions
19 are telling utilities that they, the utilities, make mistakes
20 and they, the shareholders of the utilities, not the tax-
21 payers, must suffer the consequences.

22 Nobody yet has been forced to go without electricity
23 service as a result of these rulings. The same can be done
24 with PECO. The needs of 4 million people must not be
25 sacrificed to the desire of one company to keep their

1 after-tax profit level at 16 percent, and we should not be
 2 forced to pay for high profit rates because PECO is considered
 3 by the stock market to be a risky utility since they insist
 4 on continuing to build Limerick 2.

5 If PECO wants to build another of these financial
 6 lemons, let them do so at their own risk, not at the risk
 7 of the residents and taxpayers of the City of Philadelphia.
 8 The time to stop this nonsense is now, and the answer to
 9 PECO's request for this horrendous rate increase must be
 10 a loud, resounding no.

11 Thank you very much.

12 (Applause.)

13 JUDGE MATUSCHAK: Thank you.

14 Linston O. Williams?

15 Whereupon,

16 LINSTON O. WILLIAMS

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 MR. WILLIAMS: That is a hard act to follow.

20 Mr. Moderator and fellow concerned citizens, good afternoon.

21 My name is Linston O. Williams, and I am the People's
 22 Secretary for the United Supreme Council, Ancient and Accepted
 23 Scottish Rites. Our headquarters are located at 1514 Fitzwater
 24 Street.

25 We have 22,000 members. Out of that 22,000, we have

1 1,500 that live right here in our general area, and we do
2 depend on, like you do, Philadelphia Electric for our services.

3 We realize the need for a low cost utility such as this.
4 We also realize too that in these days of escalating prices
5 that everything is going up. We are happy that Limerick is
6 finally getting in place; and notwithstanding the fact that
7 the costs will be pro-rated over the next three years higher
8 than normal, we are sure that in the years to come the
9 service will be better and the costs can be adjusted so that
10 all of us concerned citizens will be happy.

11 So, therefore, we realize too that at this point in
12 time, the prices as horrendous as they said, they are putting
13 the blame on several individuals for something that actually
14 had gone wrong. But I'm sure that if everybody would just
15 listen to the complete pleas of everybody who is concerned,
16 I'm sure that everything will come out for the best.

17 Thank you for your attention.

18 (Applause.)

19 JUDGE MATUSCHAK: Thank you.

20 John Dyer?

21 Whereupon,

22 JOHN DYER

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 MR. DYER: My name is John Dyer. I represent myself,

1 my wife, and five future taxpayers. As most people in this
2 room, I too dislike paying higher prices for anything, whether
3 it be food, fuel, medical care or taxes. However, I do
4 believe that the PUC should grant PE the rate increase it
5 seeks to recover the cost of Limerick for two reasons.

6 First, when I flick the switch when I want the lights
7 to go on, I want the TV that informs and entertains me to
8 light up, I want the myriad of appliances that make my life
9 easier to start, and I want the heat that keeps me warm to
10 flare up, I want it now.

11 When the power goes out, I want someone there to fix
12 it and fast. But there is a price to pay for all of this.
13 The electricity that does all of these things is a commodity
14 like any other; and while I too have to adjust my budget
15 and shift my consumption patterns to make my income cover
16 my expenses, I think the value of the convenience and comfort
17 that electricity provides far outweighs the cost.

18 Second, the PUC is entitled or is entrusted to decide
19 what constitutes a fair rate increase, not some special
20 interest group. That means that we have committed to you
21 with confidence the responsibility to arrive at an equitable
22 solution.

23 You know the whole complete story and history of this
24 project. You've been inside the company like no other
25 organization has in this state. I hope that you, the PUC,

1 can ignore the banshee screams of these people who wail in
 2 the night and live up to the thrust that is placed in you
 3 by all the parties that are involved and are affected by
 4 your decisions.

5 I believe you should grant PE's rate increase. Thank
 6 you.

7 (Applause.)

8 JUDGE MATUSCHAK: Thank you.

9 The next name here is John Kostige.

10 Whereupon,

11 JOHN KOSTIGE

12 having been duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 MR. KOSTIGE: Judge Matuschak and Ladies and Gentlemen,
 15 my name is John Kostige. I reside in Royersford, Montgomery
 16 County, Pennsylvania, approximately 3.5 miles downwind of
 17 the Limerick Generating Station. I am a retired science
 18 teacher and science coordinator. I presently work for
 19 Radiation Management Corporation with whom I'm involved in
 20 the radiological environmental monitoring program for the
 21 Limerick Generating Station.

22 I had testified at three earlier PUC hearings, and with the
 23 most recent PUC decision giving Philadelphia Electric Company
 24 the long overdue go-ahead on the completion of Unit 2, I am
 25 batting 1,000. Now it has come to my paying for those

1 decisions literally.

2 The theme I had developed earlier and that I continue
3 to develop now is energy independence. While reasons for
4 OPEC's present status in the world energy community are under-
5 standable and welcome, the geo-political area of that energy
6 source, namely the Mideast, is an unstable hotbed of un-
7 predictable volatility, the springboard of terrorism that
8 can strike anywhere in the world.

9 Also, whereas the early 1980s saw a reduction in our
10 dependence on imported oil because of conservation efforts
11 on the part of individual Americans and the private utility
12 industry and increased output of domestic oil, coal, nuclear
13 and hydroelectric power, our dependence and that of Western
14 Europeans and Japan remain still dangerously high.

15 Incidentally, a study reported on in the September/
16 October, 1985 issue of "Regulation" cites a better track
17 record of conservation for investor-owned utilities over
18 publicly-owned utilities. Food for thought for those who
19 tend toward public ownership and over-regulation.

20 Are we now going to be lulled into that dreamy
21 complacency again with the more current reduction in oil
22 prices and see that trend toward energy dependence continue
23 upward in order to save a buck, choosing that route over our
24 responsibility to maintain that independence and self-reliance
25 and to pay our way?

1 The rate increase we're debating is neither new or
2 unique. Lest we forget, I will give you some data. Accord-
3 ing to the September, 1985 issue of "Monthly Energy Review,"
4 a publication of the Energy Information Administration, the
5 average retail price of electricity in the U.S. increased
6 by 27 percent from 1973 to 1974, 17 percent from 1974 to 1975,
7 and then again by 19 percent from 1979 to 1980, and by 15
8 percent from 1980 to 1981.

9 You remember what happened in 1973 and 1979. There
10 were external forces in the international energy marketplace
11 called "oil embargoes" imposed by a cartel somewhat less
12 than friendly to the United States.

13 What I have to say here only barely touches upon the
14 complex, broad, but relevant context of the energy picture
15 which today focuses in on rates. One must put his position
16 on rates in the perspective of causes and consequences.

17 Are we going to join that short-sighted provincialism
18 and niavete of the anti-nuke, the regulatory agent and
19 commercial journalist, and thereby give succor to tyrants
20 and ultimately send fellow-Americans to trouble spots to
21 guarantee the free world its energy source?

22 Iran has vowed to close the Straits of Hormuz through
23 which flows 35 percent of all oil traded in international
24 markets. Civilized societies ought to be willing to pay
25 for increased costs of energy with currency, not with lives

1 used to keep cheaper energy flowing. Normal trade flows
2 can be and have been disrupted at great cost to our
3 economies, our national security and the lives and well-
4 being of individual Americans.

5 James Cook in the now well-known issue of "Forbes"
6 of a year ago, although he takes broadsides at both the
7 friends and foes of the nuclear industry including the
8 "dedicated and imaginative obstructionist tactics of the
9 anti-nuclear forces, who have hampered and harrassed it,
10 inflated its costs and stretched out construction times to
11 unconscionable lengths," states unequivocally that "as
12 experience everywhere demonstrates, nuclear technology
13 is as sound and productive as its promoters have always
14 claimed it would be." I wish that Mr. Cohen was still here.

15 Yet, whereas in 1990, nuclear generating capacity in
16 Japan will be 29 percent; in Taiwan, 30 percent; Belgium,
17 40 percent; in France, 55 percent -- where the cost of this
18 energy is 30 to 50 percent lower than for coal -- in the
19 United States, it will be only 20 percent.

20 As a matter of fact, an article in the March/April,
21 1985 issue of "Business" on utilities, comparing electric
22 power generation in the European Community countries with
23 that in the United States, reports that "by the turn of the
24 century, nuclear energy should produce 50 percent of the
25 community's electricity and that it should cover 14 percent

1 of the community's total energy requirements by 1990."
 2 That is the common market. "The report calls for continued
 3 expansion of nuclear power, describing it as an economical
 4 and strategically secure energy option."

5 It goes on: "Coal-generated electricity costs from
 6 30 percent to 88 percent more than nuclear-generated electri-
 7 city in the six common market countries with nuclear programs."

8 We're aware of the toll possibly cheaper coal-fueled
 9 electricity generation here in the United States might take
 10 on human health and on the environment.

11 I no longer want to think that still nearly one-third
 12 of my heating oil consumption and one-third of my gasoline
 13 comes from a part of the world where Americans have been sent
 14 and will be sent to guarantee that energy supply which again
 15 has the allure of getting cheaper without paying my way. But
 16 also, I don't want to have to pay unnecessarily for delays
 17 caused by anti-nukes, over-regulation and anti-utility and
 18 anti-nuke sentiment fueled in commercial journalism, which
 19 out of desperation for editorial commentary must resort to
 20 cutesy quotes from such reputed citadels of wisdom as the
 21 Tonight Show. "Just how bad is it, Johnny?" That was a
 22 heading of a recent editorial in the "Philadelphia Inquirer."

23 PECO's rate increase is in large part a consequence
 24 of the big, bad business versus good, little guy syndrome
 25 that on the international scene is shameful and to a 12 to

1 15-year construction time during a period of high inflation
2 and high interest, this compared with a five to seven-year
3 construction period for power plants in Europe without the
4 financial and regulatory agonies that nuclear power continues
5 to visit in the United States.

6 Briefly then, let's get on into the remainder of this
7 century with less of a needless adversarial stand vis-a-vis
8 the utility industry and the individual. The individual has
9 no more corner on integrity than the utility has on the lack
10 of it. It's been my experience that the human qualities
11 that exist in individuals exist as well in industrial
12 personnel.

13 Also, let's streamline the regulatory agencies to be
14 less the activist serving special interest and more of an
15 agency to serve the national well-being of all of us.

16 And journalists, as many of you do so well, report
17 objectively on the facts. We'll sort them out for ourselves.

18 Finally, if we're going to be energy independent,
19 we've got to be willing to pay for it even at the increased
20 annual rate of 9.2 percent over the next three years.

21 Thank you.

22 (Applause.)

23 JUDGE MATUSCHAK: Thank you.

24 Leonard Deloplaine? I understand you want to present
25 your statement for the record and you don't want to speak.

1 MR. DELOPLAINE: I will speak.

2 Whereupon,

3 LEONARD D. DELOPLAINE

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 MR. DELOPLAINE: I have been associated with several
7 utility companies as a consultant, among which are Philadel-
8 phia Electric, Atlantic Electric, Southern California
9 Edison, Florida Power and Light. I am rather familiar
10 with the total cost of the production of energy. I see
11 a large number of factories around here which indicate that
12 the cost of Limerick at 20 cents is excessive even
13 including the capital portion of the total cost.

14 They are trying to make a comparison with the energy
15 of oil burning in existing plant, which by depreciation
16 methods has caused tremendous problems in the utility
17 industry and the rest of the county.

18 In the case of Limerick, which is a nuclear unit, as
19 you all know, about 80 percent of the total cost of the
20 energy produced by that unit are the fixed charges, and those
21 fixed charges will be fixed at the 1985 level.

22 The unit is designed to run approximately 40 years.
23 So for that period of time, you will have a guarantee that
24 there will be no increase in the capital costs of that
25 particular unit. The only thing that will escalate is the

1 variable portion which is the nuclear energy itself. Whereas,
2 if you were to compare this with the installation of a coal-
3 burning unit, you will see that the capital fixed charge may
4 range even 40 percent, and those numbers are not small
5 either anymore. But the variable portion then becomes
6 60 percent. That 60 percent will be subject to inflation
7 and the whims of the OPEC countries as far as delivery of
8 oil and whatnot.

9 So my statement continues and I say that on nuclear,
10 we are highly dependent on the fixed charges, and that's the
11 basis for this request, to recover the fixed charges, the
12 no-load costs as we would say.

13 Under existing regulations, to recover these costs
14 is not possible. This I would take issue with. It is not
15 possible under the Pennsylvania rules under any circumstances
16 thanks to a lot of politicians who have preceded me. You
17 cannot recover the costs of this installation until it is
18 made commercial.

19 Now, if it takes ten years to put a device together
20 and you start borrowing money, a million dollars at a time,
21 or a hundred million at a time, you cannot recover the cost
22 of that money nor the interest which it cost you. You have
23 to go out and borrow money on top of it. So you will have
24 a severe compounding effect here which is built into the total
25 fixed charges of a nuclear unit totally different from any type

1 of unit which exists today, such as a coal burner.

2 I believe that that regulation is wrong. In our
3 neighboring State of New Jersey, right now there is a nuclear
4 unit about to become commercial. Already \$1 billion is
5 being paid for it, and they're not going to experience the
6 kind of rise that we are forced to.

7 Nevertheless, now that we have this burden in place,
8 we're going to have to meet it, and it can't fall strictly
9 on the burdens of the retired, the 300,000 stockholders that
10 have invested their money. It has got to come from the
11 consumer ultimately, and we've seen numbers that say 15 cents
12 a kilowatt-hour as the ultimate cost at the end of a three-
13 year period.

14 Right now, New York City is paying 16.5 cents.
15 San Diego is 16 cents. I don't see any politicians screaming
16 in that corner.

17 The company must be in a position to refinance the
18 17 and 18 percent debt which was forced upon it to continue
19 its construction. A lot of us here who are retired benefitted
20 from that 17 percent, but it is declining. Interest rates
21 are declining. They are going to continue to decline. If
22 they ever get back to 7 or 8 percent, you are going to
23 see remarkably lower electric bills, but it requires that
24 that company be a very viable institution and be recognized
25 on the streets, on the financial streets that it is capable

1 of surviving or it will never refinance anything.

2 Therefore, I think that my appeal here as a consultant,
3 a former employee of Texas Steel, and now an independent
4 consultant, is that the PUC's decision and deliberations
5 consider the plight of the 300,000 stockholders, many of
6 whom are neighbors right in this area; and even though you
7 don't own a stock, you will have some money invested in
8 insurance policies and banks who have invested their money
9 in the utility stock, common stock.

10 So in their deliberations, I would see that there is
11 adequate income so that the company can report earnings
12 which are genuine and have actually been earned so that
13 their financial ability will not be impaired.

14 I want to make one other remark. In your attacks
15 on the public utility rate structure, remember that one of
16 the biggest beneficiaries of this rate increase will be the
17 governments, the federal government and the state government.
18 Check out how much tax is figured into this rate increase
19 in order to meet the obligation of income taxes and in lieu
20 of income taxes and in lieu of real estate taxes. It is a
21 tremendous amount.

22 Thank you.

23 (Applause.)

24 JUDGE MATUSCHAK: Thank you.

25 Let's hear from Rita C. Banning, Montgomery County.

1 MR. O'CONNELL: Was she here first?
2 Whereupon,

3 RITA C. BANNING
4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 MS. BANNING: I am Rita C. Banning, Commissioner of
7 Montgomery County, Pennsylvania. I am here to express my
8 great anger at the continued betrayal of the public trust by
9 the majority Commissioners of the PUC, particularly in
10 this matter of Philadelphia Electric Company's, PECO's,
11 Limerick nuclear plant.

12 It is true that the NRC, the DRBC, and the Pa. DER
13 have also betrayed their trust, but that does not excuse the
14 PUC.

15 From the beginning of this project, the majority
16 Commissioners of the PUC have turned a blind eye to the
17 negative impact PECO's Limerick plants have had and will
18 have on the people of Southeastern Pennsylvania.

19 Expert testimony has been given that PECO's
20 consumptive use of water has deteriorated the quality of
21 the Schuylkill for downstream users.

22 Expert testimony has been given that PECO's Rube
23 Goldberg scheme to get water from Pt. Pleasant has distorted
24 the water plans for Bucks and Montgomery Counties and will
25 cost the taxpayers and water ratepayers of both counties

1 dearly unless that project can be stopped,

2 Expert testimony has been given that the financial
3 impact of evacuation planning on the counties, boroughs and
4 school districts has been heavy, and the result has been a
5 worthless facade of an emergency plan,

6 Expert testimony has been given about the loss of
7 jobs, the chilling effect on industrial and commercial expan-
8 sion, the hardship on residential users, and the direct costs
9 to local governments of the already high and soon to be
10 higher PECO electric rates due to the Limerick plants.

11 There has been expert testimony that the capacity of
12 the Limerick plants is excessive and that the costs were
13 primarily due to faulty corporate decisions.

14 Yet time and again, the majority Commissioners of
15 the PUC have given PECO essentially what they wanted. Maybe
16 the PUC made PECO go through a little pro forma drill,
17 but nothing of substance.

18 I am not going to repeat the facts and figures which
19 have been given so many times by experts. The majority
20 PUC Commissioners have chosen to ignore the experts before.
21 The majority Commissioners can never undo some of the damage
22 they have already done to the people of this region, but
23 they can start today to undo what can be undone.

24 Obviously, the PUC should deny the PECO request which
25 is before it today, and in fact deny any rate increase based

1 on any costs of Limerick, but instead only permit rates
2 which reflect the costs which would have been incurred had
3 a sound and rational program been followed.

4 The PUC has been permitted to protect the utilities
5 because the voters did not realize what they could do about
6 it. The voters are now beginning to see the responsibility
7 of the Governor and the Legislators for the PUC and to put
8 pressure on them.

9 The Legislators have begun to respond and the PUC
10 may be totally restructured. I shall certainly work to that
11 end and a growing number of angry, aware voters will also.

12 Thank you very much.

13 JUDGE MATUSCHAK: Thank you.

14 (Applause.)

15 JUDGE MATUSCHAK: Russell Robinson?

16 Whereupon,

17 RUSSELL ROBINSON

18 having been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 MR. ROBINSON: I am normally a meek and mild individual.
21 My wife says I would make a fantastic hermit. But I am a
22 little annoyed right now. At 12:50 I was No. 10 on the list.
23 And excuse me if I pronounce your name wrong, Mr. Deloplaine,
24 it was nice of the educators and the politicians to show
25 up on time to be No. 1 so they wouldn't interrupt the

1 proceedings. Now, I believe in the democratic process. I'm
2 an American; I'm a Veteran of Wars; I've seen our boys
3 die; I've been there just as many of you have. The
4 democratic process is fantastic, but it really irked me to
5 have people come in late. Didn't their staff get their
6 papers prepared on time? Didn't their chauffeur run enough
7 red lights?

8 (Applause.)

9 MR. ROBINSON: I am also Robinson, a taxpayer and a
10 ratepayer.

11 VOICE: Who do you work for?

12 MR. ROBINSON: Is that relevant? Excuse me. Maybe
13 we can answer questions later when there is an opportunity,
14 Your Honor.

15 I was present last night at the hearings in Doylestown,
16 and I was glad to see the large representation for both
17 sides. However, I was sorry to hear so many stray from
18 the issue at hand.

19 The costs of goods and services have increased for as
20 long as I can remember. An evening at the movies for my
21 wife and child is equivalent to a downpayment on a TV.

22 If PE is to supply electricity and meet the demands
23 of its customers, then PECO must receive not just a down-
24 payment.

25 I would like to quote a "Money" magazine article that

1 recently was published. It is about the cost of living.

2 "If you ever wonder why the Rockey hasn't retired
3 from the ring, look at the real life taxes in his hometown
4 of Philadelphia. Maybe he can't afford to quit. Our
5 surveyor's survey of homeowner taxes shows Philadelphia
6 topping such notorious towns as New York City and Pittsburgh.
7 Philadelphia gets its extra bite from 4-5/16ths percent city
8 wage tax. That is imposed upon everywhere who works here.
9 Also, all state residents pay 2.35 percent income tax.

10 Taxes are but a portion of this increase. We all
11 share them. PE has borne those taxes for many, many years.
12 I cast my vote in favor of the rate increase.

13 Thank you for this opportunity to express my opinion.

14 (Applause.)

15 JUDGE MATUSCHAK: Thank you.

16 William W. Anderson?

17 Whereupon,

18 WILLIAM W. ANDERSON

19 having been duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 MR. ANDERSON: I would just like to go on record for
22 this increase for many, many reasons. One of them is that
23 we have to have an economically viable company operating your
24 electric utility in this area unless you are going to go
25 federally.

1 Down in the TVA, we all paid some of the costs of
2 the Tennessee Valley Authority, and then there is the
3 Tennessee Valley Authority sitting on top of some of the
4 best grade coal in the country and they built nuclear power
5 plants. Why? Because it is cheaper in the long run.

6 PE has had to bear the cost of this thing, and they
7 have a big lump on the side of \$3.5 billion. That sounds
8 like the national debt. The utility is a unique industry.
9 It is a very capital-intensive industry, and none of us can
10 even comprehend the immenseness of this debt, but it has to
11 be paid off. We can't attach it to your bills, because
12 we're not allowed to put it in there until we go commercial.
13 Once we go commercial is the only time we can do it.

14 We have been accruing monies and costs up there
15 for 11 years and we haven't been able to put that into
16 rate base.

17 I think that some of these politicians around here,
18 some of these State Representatives, ought to get on the
19 right track and start new legislation so that when we are
20 going in for a major expenditure like this that we can go
21 after construction and labor work in progress and put the
22 money right in as we're expending these millions of dollars
23 and we wouldn't have this \$3.5 billion debt out there. We'd
24 have maybe \$500 million or something like that.

25 We would have had a few minor increases but nothing

1 like 28 percent. But this is what happens when you accrue
2 this much debt over that length of time.

3 I myself think that as a ratepayer, I don't want to
4 see the rates go up, but I don't know how you're going to
5 keep an economically viable company without them going up.

6 That's all. Thank you.

7 (Applause.)

8 JUDGE MATUSCHAK: Thank you.

9 Carol Coady?

10 Whereupon,

11 CAROL COADY

12 having been duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 MS. COADY: My name is Carol Coady. I am a democratic
15 candidate for the State Senate, but also I am here today
16 because I am a Board Member of the Pennsylvania Public
17 Interest Coalition. It is an organization that is not state
18 funded. We are a coalition of consumer groups made up of
19 churches, unions and other consumer groups who are concerned
20 about how much people have to pay for utility rates.

21 VOICE: Is that state organized?

22 MS. COADY: No, sir.

23 I am here today because I oppose PECO's request for
24 an \$878 million rate increase. Consumers, business owners
25 and government should not be forced to pay for the mistakes

1 that PECO made while building Limerick 1. My family cannot
2 afford to pay a 30 percent rate increase in our electric
3 rates.

4 Presently, my family income is approximately \$15,000
5 a year. We pay \$91 a month for electricity. This is a total
6 of \$1,092 for electricity alone per year.

7 Under PECO's rate increase, our monthly electric bill
8 would increase to \$118 a month for a yearly total of
9 \$1,419. This means that my family's electric bill alone
10 would be approximately 9 percent of our total gross income
11 and 12 percent of our net income.

12 Our water bill is \$280 a year. If the water depart-
13 ment passes PECO's cost on to us, our bill could rise to
14 \$364 a year.

15 If SEPTA passes PECO's costs on to us, work travel
16 expenses will increase from \$600 a year to \$780 a year.

17 Our food costs are approximately \$100 a week. If the
18 supermarket that I use passes PECO's rate increase on to
19 us, I will pay a total of \$6,500 a year for food.

20 My family's net income is \$11,250. The above costs
21 total \$8,600. I haven't paid my mortgage, phone bill, gas
22 bill, insurance, child care, and my child's school expenses.

23 How are families going to get by? We cannot afford
24 to pay 30 percent more in electric costs so that investors
25

1 are ensured a profit.

2 PECO, due to its own mismanagement, lost money. Thus,
3 investors should lose money. There are no guarantees of
4 profit when one invests one's money. Average Joe citizen
5 should not be made to bear the burden to pay investors who
6 made a bad business deal.

7 Last year the Pennsylvania legislature required that
8 the gas company purchase gas at the least cost to the
9 average citizen. PECO should be required to do the same.

10 Limerick power will cost four to five times more
11 than from PECO's oil and gas plants and ten times more than
12 its coal plants. We should only be charged for the value
13 of the cheapest available source. Also, PECO should not be
14 allowed to shut down its cheaper plants prematurely so it
15 can pretend we need Limerick.

16 A 30 percent increase could make PECO customers pay
17 the highest electric bills in the nation. PECO doesn't
18 deserve to make a profit from a mismanaged project. We,
19 the customers, don't deserve the economic battering PECO is
20 pushing on us. The PUC should slash PECO's rate hike
21 request severely.

22 Thank you.

23 JUDGE MATUSCHAK: Thank you.

24 (Applause.)
25

TIA:jl1

JUDGE MATUSCHAK: Sarah Juhas.

2 Whereupon,

3 SARAH JUHAS

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 MS. JUHAS: I live with my husband and five children.
7 My husband is unemployed and presently my family's income
8 is \$514 a month.

9 I came today because I want the Commission to know
10 about my circumstances, which are like those of many other
11 low-income families.

12 I cannot afford a 30 percent increase in my electric
13 bill. Right now I have a payment agreement with PECO to
14 pay off approximately \$212 which I owe them. If my bills
15 go up by 30 percent, I will not be able to keep that
16 agreement, which I have kept until now.

17 In short, this increase will cause me to be shut
18 off. It is that simple.

19 I already do not have a phone because I can't afford
20 it. It is unfair to take electricity away from my children
21 as well.

22 The Commission must help to protect the ratepayers
23 from PECO's unfair rates. I would ask the Commission to
24 please remember the poor families.

25 JUDGE MATUSCHAK: Thank you.

1 Rosamond Kay.

2 Whereupon,

3 ROSAMOND KAY

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 MR. KAY: Judge Matuschak, a strong physical infra-
7 structure is absolutely essential to the Philadelphia
8 region. Poor transportation, water and energy networks
9 can strangle our economy and assure its decline.

10 We witnessed in 1984 a decrepit bridge in North
11 Philadelphia converting, for a month, the center city
12 commuter rail tunnel into an elegant hole. Many commuters
13 choose between riding clanking 40 year old commuter trains
14 or risking traffic jams caused by long overdue repairs to
15 the Schuylkill Expressway.

16 Millions of gallons of water leak out of 100 year
17 old mains in our water system. The infrastructure of the
18 Delaware Valley is in deep trouble, except one infra-
19 structure, the electric supply system.

20 Philadelphia Electric has kept the lights on. PE
21 keeps its equipment in good shape. PE benefits from highly
22 skilled employees who are dedicated to good service.

23 PE's electricity flows 99.988 percent of the time.
24 PE's system is so durable that when Hurricane Gloria dis-
25 connected 172,000 customers, PE reconnected them all in

1 just 36 hours.

2 But PE's infrastructure is aging too. Those
3 generating units at Schuylkill, Richmond, Delaware and
4 Southwark that Councilman Cohen said we should keep on are
5 over 40 years old. Even if they can be refurbished,
6 eventually they must be replaced, along with additional
7 Eddystone and Cromby units, which by then, ten, 15 or 20
8 years from now, will also be aging.

9 So you see, Limerick is needed, not only to meet
10 future load growth, but also to assure a durable and
11 reliable infrastructure.

12 PE wisely rejected various alternatives to Limerick.
13 The total life cycle costs of both nuclear and coal stations
14 are about the same, but nuclear is environmentally cleaner.

15 Limerick is certainly more prudent than a station
16 burning foreign oil. Limerick is more prudent than solar
17 and new technologies whose costs and reliability are
18 unproven.

19 But I shall confine the remaining moment of my
20 discussion to cogeneration because of the illusion that it
21 is a viable alternative.

22 Cogeneration is a process where heat is produced
23 simultaneously with electricity. The proportion can be
24 adjusted to fit the needs of the cogenerator: a lot of
25 heat and a little electricity, or vice-versa.

1 Three kinds of institutions engage in cogeneration.
2 First, there are small cogenerators, like universities and
3 hospitals, who believe that they can cut their energy costs.

4 The University of Pennsylvania, for example, is
5 thinking about cogeneration.

6 There are traditional industrial cogenerators, like
7 refineries and paper manufacturers, who are preoccupied
8 with their own needs for process heat and electricity.
9 Scott Paper is a local example.

10 And, finally, the Public Utility Regulatory Policies
11 Act of 1978, a law that requires electric utilities to buy
12 excess electricity from cogenerators, has allowed entre-
13 preneurs to deliberately build oversized cogenerators in
14 terms of the steam needs of the host factory so that they
15 can profit from the sale of electricity.

16 Regardless of the type, all cogenerators exist to
17 save money or make profits, not to provide reliable and
18 adequate electric service to consumers.

19 Unlike regulated utilities, Mom and Pop's Electricity
20 Shop, and Joe's Pizza and Electric Hut, and hundreds of
21 other little corner electric companies can build cogenera-
22 tion where the money is, skimming off the most profitable
23 customers and leaving residential and other commercial
24 customers to pay more of the utility's fixed costs.

25 Cogenerators could be built in the wrong places.

1 The electric transmission system is not a common carrier,
2 but an optimized network connecting generators to load
3 areas.

4 Poorly placed cogenerators can cause voltage prob-
5 lems and overload transmission lines. This is not hypothe-
6 sis; this is fact.

7 Commissioner, I urge you to contact your counter-
8 parts on the California Public Utility Commission, and you
9 will discover that mushrooming cogenerators have frequently
10 overloaded and jeopardized the reliability of the Pacific
11 Gas and Electric transmission system.

12 And, if the University of Pennsylvania decides that
13 it can teach better than make electricity, and if a
14 corporate raider takes over Scott Paper and moves it to the
15 South, and if Mom and Pop decide that they can make more
16 money selling yogurt than electricity, they can simply
17 turn their cogenerators off, regardless of how much we need
18 their electricity.

19 On the other hand, Limerick will be producing elec-
20 tricity at least until 2030, regardless of whatever happens
21 in this region, because Limerick exists for only one
22 reason, to supply electricity to all of us.

23 The compact between the PUC and electric public
24 utilities in which you allow them to operate as monopolies
25 with a fair rate of return if they provide reliable service

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1 to all customers has worked. I am one consumer who be-
2 lieves that PE has faithfully carried out its part of the
3 compact.

4 As a consumer I do not like the defensive thinking
5 to which some utility executives are retreating as a result
6 of the hostile regulatory and political environment to
7 which they are subjected.

8 William Kuhns, Chairman of GPU, recently told the
9 New York Society of Security Analysts that GPU will only
10 build generation as a last resort. Many electric companies
11 are diversifying into transportation, real estate, finan-
12 cial services, fibre optic telecommunications and other
13 businesses that they know nothing about in hopes of keeping
14 their companies in healthy financial shape.

15 If your decision on Limerick encourages the very
16 people who know best how to operate and maintain a reliable
17 electric infrastructure -- if your decision encourages them
18 to abandon it, their duty to provide reliable energy, who
19 is going to keep our lights on?

20 A California couple engaged in missionary work
21 hosted an African visitor in this country. They asked
22 their guest what it was that stuck out in her memory as
23 the greatest thing about America. The guest immediately
24 replied, "I never dreamed that there was a place where the
25 electricity didn't go off at least once some time during

1 the day."

2 Limerick is a prudent and a superb addition to the
3 electric infrastructure of Southeast Pennsylvania. I urge
4 you to include the full cost of Limerick in PE's rate base.

5 Thank you.

6 JUDGE MATUSCHAK: Thank you.

7 Andrew Hegedus.

8 Whereupon,

9 ANDREW HEGEDUS

10 having been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 MR. HEGEDUS: Judge Matuschak, Ladies and Gentlemen,
13 it is my understanding from reports about the other public
14 hearings on Philadelphia Electric's proposed rate increase
15 that most of the testimony presented at those hearings
16 dealt with nuclear power plant safety, or why building
17 Limerick was an imprudent decision.

18 Those are valid concerns, but they should not be
19 addressed here.

20 I would like to present three brief items in support
21 of the Philadelphia Electric Company's rate request.

22 First, the electric utilities in this state are
23 regulated by the PUC to provide electricity in a safe,
24 reliable and economic manner.

25 To provide electricity on demand, a utility must

1 forecast future load growth and begin a construction pro-
2 gram to meet that new forecasted demand at least ten years
3 prior to the foreseen need.

4 They use the best forecasting techniques available;
5 however, the utility's crystal ball is no better than anyone
6 elses. Since the PUC demands that a utility provide for
7 future load, an electric utility should not be financially
8 penalized for conforming to the regulations.

9 Secondly, throughout the hearings, talk of imprudency
10 has been leveled at Philadelphia Electric because they de-
11 layed construction of Limerick Unit 1 twice due to financial
12 constraints. However, it should be remembered that a utility
13 cannot control the revenue it receives. The revenues are
14 controlled by the demand of the customers and the rates set
15 by the PUC.

16 Since the PUC did not give Philadelphia Electric the
17 rates it required to finance Limerick construction, Phila-
18 delphia Electric should not be penalized for delays that
19 the PUC, in effect, caused.

20 Third, the newspapers have been full of stories con-
21 cerning a University of Pennsylvania professor's computer
22 model predicting a loss of 19,000 jobs if the rate request
23 is approved.

24 I have submitted to the record a study by Dr. Frank
25 Clemente, head of the Department of Sociology at Penn State

1 University. His study uses empirical data to see if the
2 concept of "rate shock" is a valid one. He defines "rate
3 shock" as: "...the adverse impact on the economy of a
4 region and the toll a costly new plant can take in jobs and
5 taxes."

6 Dr. Clemente examined data from 169 counties and 91
7 metropolitan areas whose electric utilities had the highest
8 and lowest rate increases between 1972 and 1982. The data
9 shows that in "the 73 metropolitan counties with the
10 greatest rate increases more people had jobs than ever be-
11 fore despite the fact that they were in service areas
12 which experienced rate increases ranging from 328 percent
13 to 609 percent.

14 "On the other hand, the 97 counties with the lowest
15 increases in rates in the United States experienced signifi-
16 cantly slower growth in employment and almost one in ten
17 had a decrease in employment over the decade."

18 Therefore, Dr. Clemente concludes by stating, "the
19 national data set analyzed here provides no evidence that
20 rate increases either inhibit growth or trigger economic
21 decline."

22 Thus, based on the testimony I have given, I feel it
23 is in the public's best interest to give Philadelphia
24 Electric Company the full rate increase they are requesting.

25 Thank you for this opportunity to present my views.

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(Applause.)

JUDGE MATUSCHAK: Thank you.

Donald Clinton.

Whereupon,

DONALD L. CLINTON

having been duly sworn, testified as follows:

DIRECT TESTIMONY

MR. CLINTON: I have listened to many things here.

I would first like to say that I am Treasurer of the Friends of the Earth in the Delaware Valley, but I am really speaking for myself now because of what I have heard.

I think that the analogy of the transportation systems and the rates is a beautiful one. The gentleman who spoke a little while ago, who just left the room, however, did not clearly carry it to its proper conclusion.

The rates went up, technology changed; the utilities tend to think of the customers as captives. This is the real fallacy in the whole argument. As technology changes, more and more will escape.

We have scare tactics -- in fact, one gentleman talked about the oil in the Middle East. We have it tossed aside that solar energy is undependable yet. Well, if solar energy got the amount of money from the government that some of the others did, it would be better, probably, at this point.

1 But what I am trying to say is this: more and more
2 people will tend to escape the crutches of public utility
3 companies as the rates go up. One will find that one way --
4 just as people went out and hocked their things to buy a
5 car to get out of the hands of an ever decreasing in
6 service of a transportation system which was being milked at
7 the time. We know who owned the old PTC. There was a
8 coalition of Standard Oil of California, General Motors and
9 Firestone, as I recall; the idea, not to deliver transpor-
10 tation, but to close the whole thing up and get you into
11 the automobile showrooms.

12 We will eventually end up the same way, with a few
13 people carrying the whole load, because the world does not
14 stand still; science does not stand still.

15 If you want to stop this nonsense of giving them --
16 it is a fact that regulatory agencies have said, "Go ahead,
17 take it," every time they come up, whether it be PECO or
18 some other company in some other state, or whether it be
19 electricity, whether it be telephone; carte blanche, "Take
20 it." And eventually the base of customers narrows and
21 narrows and narrows. This is what is going to happen here.

22 Thank you very much. I have a train to catch.

23 JUDGE MATUSCHAK: Thank you.

24 John J. O'Connell.
25

1 Whereupon,

2 JOHN J. O'CONNELL

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 MR. O'CONNELL: Judge, I would like to apologize for
6 the outburst I made earlier, but I was in Doylestown last
7 night and sat there for three hours and did not testify.

8 JUDGE MATUSCHAK: I wasn't going to make any comment,
9 but I promised these University people that I would reserve
10 some time for them and let them get back to work; and by
11 the same token, there has also been some criticism by some
12 other speakers.

13 People who are elected to public office by their
14 constituents, we are going to give them some consideration.
15 After all, you people elected them and they represent you.
16 We are going to respect the office that they hold, not as
17 individuals, but as the holders of the office.

18 Thank you.

19 MR. O'CONNELL: The point I would like to make,
20 Judge, --

21 VOICE: Is there going to be a time limit on these
22 speakers so that everybody can speak?

23 JUDGE MATUSCHAK: Let's continue with your statement,
24 please.

25 MR. O'CONNELL: I will comment in particular,

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1 Mrs. Banning comes in from Montgomery County, and she is
2 not speaking, in fact, for the county residents; they vote
3 exactly the opposite out there. She is a minority commis-
4 sioner out there, so if she is coming in here, she's coming
5 in here as a private citizen, and she should have stayed in
6 line like I did.

7 (Applause.)

8 JUDGE MATUSCHAK: Whether someone is a minority
9 commissioner or a majority commissioner doesn't mean any-
10 thing to us; they represent their constituents and they
11 are public officials.

12 Let's proceed.

13 MR. O'CONNELL: The other comment: who do you work
14 for? Who do they work for up there?

15 (Applause.)

16 MR. O'CONNELL: I am a labor management consultant
17 out of Harrisburg, and I am here speaking by myself for my-
18 self as a private citizen.

19 Representative Hoeffel, who spoke earlier -- at the
20 meeting last night, by the way -- and it is no reflection
21 on you -- but that was a rude circus; those goons standing
22 on the side of the room in their para-military outfit
23 trying to intimidate people who speak was a disgrace, who-
24 ever they were.

25 Representative Hoeffel, who was in here earlier, I

1 would like to point out, when he was a representative in
2 Harrisburg, opposed CWIP. If CWIP would have passed, this
3 plant could have been in rate base by now at a greatly re-
4 duced rate; so that's one thing.

5 Mr. Liacouras -- none of this is what I intended to
6 say, but I just can't resist. Mr. Liacouras, I have three
7 children in college right now and their tuition has gone
8 up every single year that they have been in college. I
9 might point out that the electric rates have not gone up
10 during those three years, so I don't know what he needs
11 the money for.

12 Representative Cohen talked about an outrageous
13 hoax, and now I would like to refer to the statistics in
14 front of you, Judge.

15 The outrageous hoax that is really being pulled off
16 here is by the City of Philadelphia. The City of Philadel-
17 phia just had a study done that proves in their mind that
18 for every percentage increase in electric rates, jobs go
19 away.

20 What happens is now that they created the informa-
21 tion, the "Inquirer" publishes it, the "Inquirer" editorial-
22 izes on it, and now some other people are coming in and
23 quoting it as if it is fact, pointing out now that that is
24 projections.

25 The statistics going into you now are what has

1 happened over the last 25 years. Philadelphia Electric
2 Company has raised its electric rates by 268 percent over
3 the last 25 years in the small commercial rate. That is what
4 all the small businessmen have been complaining about, 268
5 percent.

6 I would point out that the cost of living has gone
7 up 261 percent during that same period of time. So
8 apparently the electric rates are keeping pace with the cost
9 of living, at least in the small commercial rate, which is
10 what these people have been complaining about.

11 Now, where the fallacy comes in and where the out-
12 rageous hoax is being pulled off by the City of Philadelphia
13 and Councilman Cohen is in the employment figures. If you
14 simply go to the Department of Labor and ask them how many
15 people were working in the Philadelphia area over the last
16 25 years, what you will find is that 1,484,000 people were
17 working then. Today, the last figures available, there is
18 1,900,000 people working. There is 500,000 more people
19 working now while rates have gone up 268 percent.

20 Now, where does the hoax lie? The hoax lies in
21 that they hire some clown out there at the Wharton School
22 who creates numbers to suit their purpose, and that is done
23 all the time; we all know it.

24 Now I want to address one more question, and that is
25 these people who constantly go out, "Where do you work?" I

1 would like to know where some of the people passing out
2 these placards work. I know that one lady worked at the PUC
3 not too long ago.

4 Now, what kind of fairness is that, where you have
5 a person who has been a PUC employee, supposed to be a
6 fair judge, and then they are passing out placards here.
7 It is a disgrace, an absolute disgrace, and I think the
8 people ought to be very upset about it.

9 Thank you.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 Judson W. Sumbler.

13 Whereupon,

14 JUDSON W. SUMBLER

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 MR. SUMBLER: I work for PE. I am an operator at
18 one of the cheaper power plants. I can give you a few facts
19 on that.

20 Some people wonder about the need for Limerick and
21 the excess capacity that we have. Less than two years ago
22 we went into a voltage reduction just to meet customer load.
23 Limerick 1 was needed just to replace worn out old generating
24 stations, one of these stations which I am from, Southwark
25 station. Like old cars, these stations cost a lot of money

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1 to run, and what is the price we want to pay for these
2 stations.

3 The thermal efficiency of these plants has further
4 reduced over the years for these plants. I would like to
5 talk about the Southwark plant, because that is the plant
6 that I'm from. It is in South Philadelphia and feeds that
7 area.

8 This plant is a post-World War II plant that was
9 started in commercial operation August 1, 1947. It was
10 originally built to burn relatively cheap coal, but now
11 must burn low-sulfur oil as decreed by the Environmental
12 Protection Agency.

13 We all know the effect of burning coal and oil on
14 the environment in the form of acid rain and more.

15 The Southwark plant can produce 307 megawatts an
16 hour. At the present price that costs 60.6 dollars to
17 make 1 mill, that mill being what it costs to make 1 mega-
18 watt for one hour.

19 Unit 2 will be more efficient; it has a cost of 59.9
20 mill. To run No. 2 it will cost \$11,080 to run for one
21 hour. For 24 hours that comes to \$265,920, remembering,
22 of course, that No. 2 is the cheapest to run.

23 The price for Limerick 1 is 9.5 dollars a mill, a
24 difference of 40.9 mills for each megawatt made. It is
25 easy to see the difference of this size of how many dollars

1 are saved over a period of time. That will multiply into
2 thousands and millions of dollars that will be passed on to
3 consumers of this area as time progresses.

4 The PE decision to build Limerick was an excellent
5 one, which was made in the early-'70s. Even the PUC has
6 not disputed this conclusion.

7 PE's goal has always been to produce electricity at
8 the most economical manner and within the constraints of
9 public safety and the law.

10 Thank you.

11 (Applause.)

12 JUDGE MATUSCHAK: Thank you.

13 Robert F. Bundy.

14 (No response.)

15 JUDGE MATUSCHAK: Joseph J. Capecci.

16 Whereupon,

17 JOSEPH J. CAPECCI

18 having been duly sworn, testified as follows:

19 DIRECT EXAMINATION

20 MR. CAPECCI: My name is Joe Capecci. I am a con-
21 sumer. I don't work for PE or anyone else such as PE.

22 The consumers did not have a say when Philadelphia
23 Electric placed the fuel adjustment tax on their bill.
24 The consumers didn't have a say when they started building
25 the nuclear plants. Who were they to charge the consumers

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for these things?

The oil went down. My electric bill didn't go down. That oil went down more than half, but yet my bill remains the same, and it is shooting higher.

On the other hand, if Philadelphia Electric was sold to another outfit, the money that I have paid in, the consumers have paid in, would be a profit to their stockholders. They would be the ones who would reap the money that goes into that nuclear plant, your dollars.

On the other hand, if you have a catastrophe such as Three Mile Island, who is going to pay for the clean-up? It is going to be the consumer again. But the consumer doesn't get the adjustments.

The Pennsylvania Utility Commission should be looking into the welfare of the consumer. If they don't look at the welfare of the consumer, maybe the consumers will take it in their hands to have those people replaced by elected officials, not appointed officials.

Thank you.

(Applause.)

JUDGE MATUSCHAK: Thank you.

Elaine Mkweli.

Whereupon,

ELAINE MKWELI

having been duly sworn, testified as follows:

DIRECT TESTIMONY

1
2 MS. MKWELI: Thank you. My name is Elaine Mkweli,
3 and I am here today representing the Philadelphia Electric
4 Company.

5 From listening to some of the prior testimony, one
6 might get the impression that PECO doesn't care at all. I
7 am here to testify to the contrary.

8 Philadelphia Electric has a lot of good programs.
9 One of the programs I am most proud of is the program that
10 we have for our senior citizens and our handicapped cus-
11 tomers. This is called our "PE Cares" program.

12 I have with me comments from some of the many
13 customers who have benefited from this program. I would
14 like to read a few.

15 I will give you a little insight. Mr. Walter Polk
16 of 1429 South Colorado Street came into our South Philadel-
17 phia office one day to make a payment on his electric bill.
18 One of the representatives noticed that this elderly man
19 who is 78 was limping. She inquired, "Are you all right,
20 sir?" He said, "No, actually, I'm not. My water has been
21 shut off. I either have to borrow money from the neighbors
22 to get water from a supermarket or I borrow water from a
23 neighbor in order to soak my leg."

24 Philadelphia Electric contacted the Utility Emergency
25 Services Fund. Mr. Polk had water that next day. He is

1 now able to soak his leg nightly.

2 Miss Anna Gillen, 1940 South Croskey Street, states:
3 "I suffer from emphysema and rarely go any further than the
4 corner store; I get so short of breath.

5 "My PE Cares representative has been picking up my
6 payments since August of 1983. It's a big savings for me
7 in money orders and stamps."

8 She goes on to say, "I feel Philadelphia Electric
9 provides a great service for older people."

10 The stories can go on and on. Miss Mary Verna,
11 1932 West Shunk Street, "Of course, I can't say I'm pleased
12 with the idea of increasing rates, but then again, I
13 wouldn't be pleased with anything that is increasing that I
14 have to pay out.

15 "I am, however, very pleased with the PE Cares
16 program. I get personalized attention, which I feel is
17 truly wonderful.

18 "The newsletter that PECO sends out every three
19 months is truly wonderful; it is so informative, and it has
20 helped me greatly. I feel PE really does care."

21 Thank you.

22 JUDGE MATUSCHAK: Thank you.

23 Kevin Vallyely.

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1 Whereupon,

2 KEVIN VALLELY

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 MR. VALLELY: I just swore to tell the truth here,
6 but I swear I don't know what the truth is.

7 Like some other people, I think I just changed my
8 mind on my testimony. I think I have been convinced that
9 perhaps PE does need this rate increase, and perhaps even
10 more because from some of their studies it seems that when
11 the rates go up, it is good for the economy. That is
12 PECO's truth.

13 Some other perceptions; I think that some of the
14 PECO employees here have come out in favor of the increase
15 too. And I must say, since I am new to the Philadelphia
16 region and I am just a new customer of Philadelphia Elec-
17 tric, I have never quite seen proceedings like these. I am
18 familiar with New Jersey.

19 But I certainly see a company that comes out in full
20 support of its rate increases, who seem to show up every-
21 where, whenever they can, who don't seem to have to be
22 able to run back to their offices like some of the other
23 working people did. They don't mind if they stay all day
24 or stay all night; they are getting paid for it.

25 You're getting paid for it and you don't mind.

1 VOICE: We don't mind.

2 MR. VALLELY: You're getting paid.

3 JUDGE MATUSCHAK: Please let the man speak.

4 You may proceed. Whether you agree with him or not,
5 he is entitled to that courtesy.

6 We have had very good attention here and respect
7 for all speakers. Let's not spoil it now.

8 MR. VALLELY: My testimony originally had to do with
9 a number of points that I could make as to why PE shouldn't
10 be allowed to have such an increase. Several things come
11 to mind, several of the things that have been reported in
12 the paper: all of the tricks, all of the games, all of
13 the shenanigans that PE has done in trying to get this
14 nuclear plant built, these two nuclear units built.

15 Now, the real beneficiaries of nuclear power are
16 just a few, small people, a small group of people, people
17 mostly that have money. That's who the beneficiary is.

18 Philadelphia Electric, when they put these things
19 into the rate base, they are the ones who benefit; they
20 are the ones -- that is the reason they want to have billion
21 dollar plants. They earn a return on it, they earn a profit
22 on it.

23 Certainly, there are other ways, other kinds of
24 plants to be built. Certainly, there is no need to even
25 build plants. I mean, there are just as many studies that

1 say that we can conserve. Their own reports, their annual
2 reports show their sales are flat. Their sales have not in-
3 creased since 1979 up to 1985. Their population of their
4 customers increased, but their sales aren't increasing.
5 That is because the price does have an effect. When the
6 price rises, it does have an effect on the consumption, and
7 it is going to continue that way and people will use less
8 until we are at a point where there will be about one or
9 two customers left, and then we'll be paying about a million
10 cents a kilowatt. But PE won't care because they will
11 still have their company and they will still have their
12 plants.

13 But what should everybody else do? How long should
14 the public deal with a private company, allowing a private
15 company to make decisions for us? I think that is the com-
16 plaint of several people that I heard; that you don't have
17 a voice in the process. That's worse than the government.
18 Even the government will hold some sort of hearings and you
19 have some sort of recourse.

20 Not so when companies like Philadelphia Electric
21 choose to raise taxes by the millions of dollars, because,
22 as one of the employees said, a lot of this money is going
23 for taxes. Well, you're darn right it's going for taxes,
24 and you guys are the tax collectors and you keep raising
25 taxes without any input from any of the public.

1 Now, if a vote were taken, would the people want to
2 vote to have higher rates because of two nuclear plants, I
3 don't think a majority of the people would vote for it. I
4 think -- and a few would say, "Well, we need the energy.
5 The region is going to be short of power." I would say
6 I can do without power for a couple of hours a year if
7 that's what it means, one little brown-out that you keep
8 saying, "This is what's going to happen to the region
9 unless we build."

10 I think, again, a vote of the people would say:
11 "Shut me off for a couple of hours a year." That's all you
12 need to do. Don't build another plant for that Easter
13 Sunday crowd, as the utility people like to say, "We've
14 got to be able to accommodate that crowd that makes that
15 one demand," which, again, hasn't risen, not like they said
16 it was going to rise.

17 The only thing that really has risen is the cost of
18 this project and the cost that you want all of your cus-
19 tomers to pay for it. It is just like the national debt.
20 It is a million customers paying a couple billion dollar
21 deficit. It is asking too much.

22 Some people seem to think other strategies like co-
23 generation make no sense, or that the sun is a very uncertain
24 technology. The sun; we can't make that work, like it
25 won't shine, like there is going to be something go wrong

1 with it.

2 Some of the other comments. We talk about providing.
3 Yes, PE has provided electricity, and for that we are not
4 only grateful, but we need it; we want electricity too.
5 But at what kind of a price and what kind of a deal are you
6 offering here?

7 This isn't a good deal that you've promised or that
8 you talk about. Again I say, we want your electricity.
9 We have become used to the electricity, but not at the cost
10 at which you want to bring it in.

11 But I don't blame PE, really. They are a company
12 in search of profits and that is what they are committed
13 to.

14 What I am upset with here is the process, the
15 process whereby people don't have a say. And how our
16 representatives and our government can allow a private
17 company to make such decisions that affect everybody and
18 everybody's life, to charge them hundreds of dollars a year
19 more without even getting their consent, this is the
20 process that is out of balance, it is out of whack, it's
21 out of worth and it is time to end.

22 But another comment from a PE employee here today
23 was: let's streamline the PUC. Here; here. Here; here.
24 The PUC right now is the shambles of a Commission with
25 only three people on it. It only takes two of them to

1 approve multi-billion dollar projects. Let's streamline it
2 and have it down to one, and let's just have PE make the
3 decision.

4 What kind of streamlining, what kind of government
5 agency, Mr. Bennett, representing billions of dollars a year
6 annually in increases is represented by three people needing
7 only a vote of two? I think it is the worst safeguard our
8 government, our democracy has. I think the Commissioners
9 should disqualify themselves from even taking a vote on
10 this issue.

11 I think that the legislature should look into the
12 propriety of even allowing two people to make a vote on
13 a matter of so many billions of dollars.

14 I don't think they should be able to make the vote.
15 Last December, Commissioner Taliaferro -- two people voted
16 to continue Limerick 2. We're not even done with the \$2
17 billion associated with Limerick 1; we've got a Commission
18 of two people approving construction which allows Philadel-
19 phia Electric to borrow \$2 billion more to complete
20 Unit 2 when Commissioner Taliaferro was on record saying
21 she was against Unit 2.

22 I wanted to see Commissioner Taliaferro today. I
23 wanted to show her her quote that was in the paper: "I
24 don't think that we should complete Unit 2," Commissioner
25 Taliaferro. That was in July. She comes back in December

1 and says: Let's complete Unit 2.

2 VOICE: You can make a mistake.

3 MR. VALLELY: You can't make mistakes like that,
4 partner, no \$2 billion mistakes. Nobody is that responsible.
5 Nobody should have that responsibility.

6 That is what I am suggesting to the Board today, and
7 I am suggesting to you, Judge, that you look at this whole
8 proceeding and you make a recommendation that three people
9 should not be allowed to vote hundreds and hundreds and
10 thousands of dollars of increased taxes, increased electric
11 costs, and all the ramifications of what it means. It
12 should not come down to three people, only needing two
13 people, and they are both appointed to a Commission, with
14 no recourse.

15 I think that is the worst thing that can be done.
16 I hope that these Commissioners disqualify themselves, and,
17 if not, I am still going to vote to continue public hearings,
18 because this is no way a public hearing; and I think hearings
19 should continue on the whole matter. I don't think a vote
20 should be taken. I don't think it's right that a vote
21 should be taken. I will leave it there.

22 (Applause.)

23 JUDGE MATUSCHAK: Thank you.

24 William Bradford.

25 (No response.)

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JUDGE MATUSCHAK: Robert W. Kane.

Whereupon,

ROBERT W. KANE

having been duly sworn, testified as follows:

DIRECT TESTIMONY

MR. KANE: Good afternoon, Your Honor, Ladies and Gentlemen, I am Robert W. Kane, Vice-President of the Southeastern Chester County Chamber of Commerce.

Our Chamber includes the Townships of Pennsbury, Kennett, New Garden, London Britain, Franklin, New London, Penn, Londonderry, London Grove and West and East Marlborough, as well as the Boroughs of Kennett Square, West Grove and Avondale.

At the present time we have a membership of 150, with the possibility of 500 members within the next two or three years.

Our Chamber's mission is to plan for the economic growth both now and in the future. Generating stations must be planned and built before they are actually needed.

PECo management has to plan ahead, more than 20 years ahead. That is PECO's responsibility to the area it serves and is required by law as a utility.

If PECO would wait until the power is needed, it would be too late to begin building a plant. It wouldn't be finished in time to reliably serve its customers. The

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1 average time required to build a plant these days is around
2 ten years.

3 In the early-1970s, Southern Chester County consisted
4 of rolling farmlands, agricultural industries and quiet
5 villages.

6 Today, it is becoming an area of economic growth.
7 The farmlands are being transformed into residential and
8 industrial sites.

9 It is estimated that the Route 1 bypass south from
10 Kennett Square to Oxford and Route 41 north from Avondale
11 into Lancaster will be Southern Chester County's growth
12 area during the next five years.

13 It is an exciting time for our Chamber. Our
14 mission, as I mentioned earlier, is to plan so that this
15 area carefully and wisely uses its local resources.

16 Twenty years ago our Chamber couldn't conceive of
17 such an economic boom. PECO planners, however, had the
18 foresight to predict such economic growth and we thank them
19 for this prudent planning.

20 We perceive the new Limerick generating station as
21 part of the foundation for the future growth of our area.
22 We consider a healthy, solvent utility an integral part of
23 what is needed for the next growth phase of Southern Chester
24 County.

25 Thank you.

1 (Applause.)

2 JUDGE MATUSCHAK: Thank you.

3 Dan Shutt.

4 Whereupon,

5 DANIEL SHUTT

6 having been duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 MR. SHUTT:: Your Honor, my name is Daniel Shutt
9 and I work for Philadelphia Electric Company. I'm here
10 today on my own time, as a ratepayer, to support the rate
11 increase asked for by PECO, not because I presently work
12 for them, but through careful study and reason.

13 I am looking forward to retirement in a few years
14 time, and, like many other senior citizens, I am concerned
15 about my finances and worry if my income will allow me to
16 maintain my present standard of living and cope with
17 rising costs.

18 I presently live in a rural area of Chester County,
19 West Bradford Township, where I use electric to pump my
20 water, pump my sewage, and since I live in a low area I
21 also pump sump water.

22 My wife and I enjoy all the modern conveniences,
23 electric stove, self-defrosting refrigerator, freezer for
24 our vegetables that we grow in our garden, color TV, stereo,
25 Christmas lights, et cetera.

1 I do not intend to move when I retire, and as you
2 see, I depend on an abundant and reliable source of
3 electricity both now, and, God willing, for another 25 to
4 30 years to come.

5 Since a major portion of my income will be from
6 social security, I made a personal study of the effects
7 electric rate increases have made on people on social
8 security in respect to their portion of income spent on
9 electricity.

10 Congress made the social security program inflation-
11 proof by linking it to the Consumer Price Index in 1975.
12 Up till now in 1986, there have been 11 increases in
13 social security benefits; benefits have literally matched
14 the rise in electric rates, including the 9.4 percent re-
15 quest for this year.

16 This proves, in my mind, that the cost of electricity
17 has no more than kept pace with the cost of living.

18 Gentlemen, the question is a matter of record. Any-
19 one can look it up.

20 What is the bottom line? Will Dan Shutt have to
21 change his standard of living when he retires? Will he be
22 able to pay his electric bill? The answer is yes. Electric
23 rates have not varied more than two to three percent of
24 spendable income with cost of living adjustments in the
25 past, and they will not in the future.

1 (Applause.)

2 JUDGE MATUSCHAK: Thank you.

3 Marie Disbot.

4 Whereupon,

5 MARIE DISBOT

6 having been duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 MS. DISBOT: My name is Marie Disbot. I am a wife,
9 I'm a mother, I'm a PE employee, and also a ratepayer.

10 Everything in my house is electric. I use it to
11 cook, I use it to wash my clothes, I use it to dry my
12 clothes. I use it for everything. I watch television;
13 my refrigerator. I want to know that when I turn that
14 switch, I have power, power to do what I want to do; power
15 to live, power to enjoy my life, power to be entertained.

16 I am afraid of the dark. I am for this increase.

17 Thank you.

18 (Applause.)

19 JUDGE MATUSCHAK: Thank you.

20 Patricia Madsen.

21 Whereupon,

22 PATRICIA MADSEN

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 MS. MADSDEN: In the past several weeks much has

1 been said about the potential problems of rate shock. The
2 dampening effect on local economy leading to the reversal of
3 economic growth by causing businesses to close or relocate,
4 the increasing unemployment, have all been attributed to
5 large rate increases.

6 The acceptance of this argument is well known to all
7 of you. Congressman Peter Kostemeyer just last night
8 referred to the loss of 19,000 jobs if PE gets its rate
9 increase.

10 Fortunately, this argument has been studied by
11 Dr. Frank Clemente, a professor and head of the Department
12 of Sociology at Penn State University.

13 Dr. Clemente is widely published and well respected
14 and his work has been nationally recognized in the news
15 media, including "U.S. News and World Report" and the CBS
16 News.

17 The study entitled "Electric Rate Increases and the
18 Socio-economic Health of Local Economy" shows that rate
19 shock is a manufactured concept with little or no counter-
20 part in the real world.

21 Data from 119 counties and 91 metropolitan
22 areas were examined over the period 1972 to 1982. Many
23 had rate increases to cover the construction costs of new
24 nuclear plants.

25 Careful examination of socio-economic changes over a

1 decade reveals virtually no support for the argument that
2 rate increases either inhibit local economic growth or lead
3 to economic decline. In fact, 73 metropolitan counties with
4 the biggest rate increases in the United States over 1972 to
5 1982 had a large growth in employment over the same period.

6 More people had jobs in these counties despite the
7 fact that they were in service areas that experienced rate
8 increases ranging from 328 percent to 609 percent.

9 These same service areas maintained a high growth
10 record in new businesses, combined income of local residents,
11 retail sales and property values.

12 The study concludes that the economic impact of
13 electric rates are often blown far out of proportion.
14 Discussions before regulatory commissions do not center on
15 the facts concerning rate increases, but on how to prevent
16 supposedly dire consequences.

17 In reality, electric rates are only part of a much
18 larger puzzle at the local level and their role in deter-
19 mining economic activity must be kept in perspective.

20 All data analyzed provides no evidence that rate
21 increases either inhibit growth or trigger economic decline.

22 As President of the Pennsylvania Voice of Energy, we
23 would like the Pennsylvania Public Utility Commission to
24 consider the true facts as analyzed by the study while you
25 are considering all of the unfounded complaints and

1 emotional beliefs that have been and will be presented to
2 you during these hearings and in the coming months.

3 I also have a copy of that study for you, Your Honor.
4 (Applause.)

5 JUDGE MATUSCHAK: Thank you.

6 Lucy Merrick.

7 Whereupon,

8 LUCY MERRICK

9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 MS. MERRICK: Judge, PUC Commissioners and lawyers,
12 and the consumers, no less, I am Lucy Merrick. I am
13 speaking as a representative of my Senior Citizens Club
14 from St. Thomas Episcopal Church in West Philadelphia.
15 Our Priest is here to attest to that. We were one of the
16 first black churches in America.

17 We didn't come -- we didn't go to the back of the
18 bus either. We came out of Christ Church and made our own.

19 I am speaking on behalf of the seniors. We have
20 heard much of record here today, but very little about your
21 senior consumer.

22 I would like to take you back in your elementary
23 education just a little bit. Give me that indulgence,
24 please.

25 Do you remember when you went to elementary school,

1 and do you remember reading about one of our founding
2 fathers, Benjamin Franklin? He was the one that brought
3 with his little key the electricity from the lightening.

4 Ever since then we have had the energy brought
5 out of the universe, out of the air, to bring to our use
6 and to help our way of life and to increase our comfort.
7 If he hadn't had that little key, we would never have
8 enjoyed this possibly from then on. That was a first.

9 From that very experience it went all over the
10 world and it came from Philadelphia. We are still one of
11 the first in many things.

12 Now, we have come from that energy. We came from
13 the candles for light, we came from coal for heat, we came
14 from oil also for heat and light.

15 My father worked for a Philadelphia refining company;
16 there we had the first electric heater. It was a portable
17 heater. That was during World War I. I can distinctly
18 remember; many of you were not alive.

19 Then we went on to gas. I remember the incandescent
20 lights. Then we had gas heat. I remember having to go down
21 to the cellar to put a quarter in the meter if the light
22 went out.

23 From there we traversed to electricity and all of
24 its wonderful ways of helping our livelihood.

25 When I was in high school the atom had not yet been

1 broken. I'm a product of the Philadelphia schools; my father
2 was; my children are and my grandchildren; all have gone on to
3 higher education. We were not in the ghetto either, and we
4 did not pick cotton either. We were brought up and raised
5 and born right here in Philadelphia.

6 So I know many, many of the advantages of Philadel-
7 phia schools and how we had helped to generate a better life
8 and a better existence; and we have senior citizens now, we
9 have fought three wars. We sent our children, our husbands
10 and our grandsons and brothers to help fight three wars,
11 to build this country. We didn't get any discounts; we
12 didn't get any tax breaks. But now we are labeled and we
13 are put into this situation where we can hardly pay for our
14 existence.

15 I wonder if Ben Franklin, coming back now with
16 that little key, would see what kind of victims we are
17 under the tyranny of the great corporations and industries
18 that want to put this kind of tax on our older people.

19 So in spite of this you must remember that all of
20 these things that have supposedly generated a better life,
21 you are building a monster; you're building a monster
22 against your older people. They cannot exist in this kind
23 of thing, and yet they have to live.

24 We are living longer today because we have better
25 health and also the nuclear knowledge has gone in to help

1 us with better health.

2 My daughter is an X-ray technician. She was trained
3 in Philadelphia General Hospital, which is one of the best
4 hospitals in the country. They have learned how to use the
5 nuclear electricity possible to help people. But if you go
6 to a nuclear med clinic or a nuclear med department, you
7 will find the radiologist with his rubber apron. He has
8 got rubber gloves. He's got the doors leaded; the floor is
9 leaded and everything for his protection.

10 How come you think that when these terrible monstrosi-
11 ties of these nuclear installations break down -- as they
12 said, "It's only a little bit; it's not going to hurt you.
13 It's only a little bit."

14 How much is a little bit? How much is a little bit?

15 So we don't need these kinds of installations. If
16 you want to go out to Washington State, I have a daughter
17 out there, and right outside of Seattle there is that
18 Whoops thing that they call it. The thing is standing; it
19 is just like a white elephant. It no longer can be used.
20 Its costs overrun and they can't use it.

21 Then you go into the desert and you find another
22 big monstrosity there, and that is not close to home.

23 You go over to Salem, New Jersey, and PE has put some
24 money in there, some of our money in there; and every now
25 and then that is breaking down.

1 Then closer to home, you go up to Three Mile Island,
2 and that thing breaks down every now and then, and all they
3 can tell you is, "It's just a little bit; a little bit."

4 And you're killing your people. You keep killing
5 your people.

6 So I think by now Mr. PE better get the message: we
7 don't need this mess. We don't need this monstrosity. We
8 need to live better and cleaner lives.

9 Thank you.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 Thomas T. Davis.

13 Whereupon,

14 THOMAS T. DAVIS

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 MR. DAVIS: Good afternoon everyone, and especially
18 the distinguished panel presiding over this hearing.

19 My name is Thomas T. Davis. I live at 647 Brooklyn
20 Street in West Philadelphia. I am associated with Action
21 Alliance of Senior Citizens as the Financial Secretary, and
22 also the Co-Chair of the Action Alliance Utilities Committee.

23 Action Alliance is a non-profit, membership organiza-
24 tion which works to protect and advance the interests of the
25 elderly.

1 We are here today to urgently request the Public
2 Utility Commission to deny Philadelphia Electric Company
3 their rate increase.

4 We are not experts in the field of utility manage-
5 ment, but we do understand that the reason for this increase
6 is the addition of the Limerick 1 nuclear plant.

7 We have reviewed the evidence presented to this
8 Commission and made available to us on Limerick 1. And
9 this information has convinced us that PECO's mismanagement
10 and erroneous decisions warrant the denial of this request.

11 First, \$1 billion of the cost of Limerick 1 is the
12 result of construction delays. These are delays that the
13 PUC has determined to be imprudent and the result of bad
14 decisions by the Philadelphia Electric Company.

15 Consumers should not be forced to pay for these
16 delays and mistakes by the company.

17 Another \$200 million of the cost of Limerick 1 is
18 the result of the need to correct the containment design.
19 Again, these are errors and examples of mismanagement for
20 which the consumers should not be forced to pay.

21 Third, the cost of Limerick 1 is five times more
22 expensive than the alternatives, such as oil-fired plants
23 or purchasing power from other companies. And the only way
24 PECO has been able to show a need for Limerick has been to
25 artificially create a need by retiring less expensive,

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1 fossil-fuel fired plants before their usefulness is ended.

2 In fact, the entire Limerick plant is unnecessary.
3 It should be treated as excess capacity, and consumers should
4 not be forced to pay for it.

5 There are several other issues that relate to this
6 increase as well and that argue against granting the increase.

7 First, Philadelphia Electric has included the entire
8 cost of the common facilities unit, which should be shared
9 with Limerick 2 in this rate hike request. This is wrong
10 and should not be allowed.

11 Second, the \$207 million in energy savings that
12 Philadelphia Electric Company promises are not guaranteed
13 by the company. A firm guarantee should be required by the
14 Public Utility Commission.

15 Third, there is no solution to date to several major
16 problems, including: disposal of toxic wastes produced by
17 the plant; evacuation plan for the area in case of an
18 accident; and sufficient water supply for cooling, especially
19 in summer or drought periods.

20 For all of these reasons, we urge you to deny this
21 rate hike request. Remember, ratepayers were never given
22 a choice as to continue or discontinue the construction of
23 Limerick 1. Investors made the choice, and now they should
24 pay the costs of the risks and not pass those costs on to
25 the ratepayers.

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According to the State Supreme Court, it is the responsibility of the Public Utility Commission to balance the interests of the company with those of the consumers.

If balancing those interests means the utility is hurt, or even crippled, the court said: that is simply one of the risks for any business enterprise.

Philadelphia Electric chose to take unnecessary risks by building Limerick 1. Philadelphia Electric should pay the cost of that bad decision, and not be allowed to pass it along to consumers.

It is within the power of the Public Utility Commission to stop runaway electric rates and lessen the hardship they cause.

We are counting on the expertise, judgment and leadership of this Commission to justly decide this case.

Thank you for your kind attention, and God bless you all.

(Applause.)

JUDGE MATUSCHAK: Thank you.

Russell Mohr.

(No response.)

JUDGE MATUSCHAK: Bobby D. Jones.

Whereupon,

BOBBY D. JONES

having been duly sworn, testified as follows:

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DIRECT TESTIMONY

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MR. JONES: I have been sitting here listening to the different people who are against the rate increase. I have heard people speak on behalf of PE. I have heard people speak on behalf of the volunteers in the back who are passing out the placards. So I would like to speak on behalf of let's call it the young people.

I am just as proud to say that I work for PE. I am just as proud as the people in the back who say that they are against everything.

I had a little text prepared, but when I saw this, I mean, I was like, "hogwash." I didn't go to Wharton. I am a student at Messiah.

Jobs; we can't afford to lose the 19,000 jobs in the City of Philadelphia. Do you mean you have to go to Wharton, and this guy comes and says, well, he counts that 19,000 people are going to automatically be unemployed because of rate increases?

Philadelphia Electric is doing nothing that no other utility company is doing presently. Whereas, politicians who want to stop the rate increases could put PE out of business.

Okay; so you don't get the rate increase and they succeed in putting PE out of business. Okay. What will you get for your money? Nothing but a closed down plant.

1 Here you know you're getting Limerick 1 and possibly Limer-
 2 ick 2. People, the politicians, are looking today; we have
 3 enough power for today. As long as we have lights on today,
 4 everything is fine.

5 Okay. Who is looking to the future? Mr. Luce wants
 6 to build a tower taller than City Hall. What is he going
 7 to do, put up 100,000 squirrels to generate electricity
 8 for it?

9 They are building other complexes. They are build-
 10 ing out in the northeast. Where is this power going to
 11 come from? Has anybody stopped to think about it, or is
 12 everybody saying, "Well, 1986, we have lights for today;
 13 everything is fine."

14 Okay, the year 2000. What happens when I'm getting
 15 ready to retire; will there be enough electricity or will
 16 I have to go back to candles as the lady said?

17 Yes, mother, I can understand from all of the
 18 history of Benjamin Franklin, but even I believe with
 19 everything that Benjamin Franklin himself invented, if he
 20 were alive today I think he would be just as much for
 21 nuclear power today and the rate increase, and he himself
 22 probably would have thought about it sooner if we had not.

23 So I believe that the rate increase is definitely
 24 needed. And on another thing with the rate hike, the
 25 paper is misconstruing things so much to the point of, if

1 you are lied to constantly, you're going to believe the lies.

2 Okay, 30 percent, your bill is going to soar. Sure,
3 that's an awful lot. Inflation averages ten to 11 percent
4 annually. They are going up nine percent. Everything is
5 just averaging out.

6 So with the papers blowing everything out of propor-
7 tion, stop and read between the lines and you will see that
8 Philadelphia Electric is right on time with the rate in-
9 creases and projecting of proposed energy sources.

10 Thank you.

11 (Applause.)

12 JUDGE MATUSCHAK: Thank you.

13 Mildred Weinstein.

14 Whereupon,

15 MILDRED WEINSTEIN

16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 MS. WEINSTEIN: Good afternoon, everyone. My name
19 is Mildred Weinstein. I live at 2101 Strahle Street in
20 Philadelphia. I am the Fourth Vice-President of the
21 Action Alliance of Senior Citizens of Greater Philadelphia
22 and the Co-Chair of the Action Alliance Utilities
23 Committee.

24 I am also President of the Senior Adult Council of
25 the Jewish Community Centers.

1 Action Alliance represents over 330 senior citizen
2 centers and clubs in the Philadelphia area, with a member-
3 ship of more than 150,000 older adults. As such, we represent
4 some of Philadelphia Electric's most vulnerable customers.

5 If it is approved, this gigantic rate hike will hurt
6 many electric consumers. But low and moderate income people,
7 including most senior citizens, will be devastated.

8 Last year, almost 21,000 Philadelphians had their
9 electric shut off by PECO. We're sure that there are as many
10 more untold stories of people doing without basic necessi-
11 ties, like food and medicine, in order to pay their utility
12 bills.

13 The figures of the number of people living in poverty
14 in our city are terrible. One-half of all the senior citi-
15 zens in our city have incomes at or near the poverty line.

16 In total, nearly 600,000 persons live below 150 per-
17 cent of the poverty line.

18 These people now have an average of just \$52 a month
19 left out of their income after paying for housing, utili-
20 ties and food. That's just \$52 for all their doctor bills,
21 prescription bills, other medical expenses, clothing, and
22 all other bills.

23 PE's new increase will wipe out most, if not all, of
24 that \$52, forcing them to go without medical care, clothing
25 and other necessities of life.

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1 With the Gramm-Rudman bill, you can bet that they
2 will have less than that.

3 We must keep in mind that people are just not PECO
4 customers. We are also taxpayers, transit riders, health
5 care recipients and so on. We will be paying for this rate
6 hike in more than our household electric bills.

7 We will pay for it in higher taxes for the city and
8 the school district, in higher SEPTA fares, in higher bills
9 from our doctor or hospital, and in higher prices at the
10 supermarket or store. We will pay for it in every bill that
11 we pay.

12 But it won't just be individual consumers that are
13 hurt; our entire economy will be hit hard. As PE's rates go
14 up, our purchasing power will drop, meaning less income for
15 other area businesses. This will lead to layoffs and shut-
16 downs. Some businesses, especially those that are energy
17 intensive, will move to other areas with lower electric
18 rates, causing more unemployment.

19 The City of Philadelphia estimates that the region
20 could lose 19,000 jobs by 1989. And other studies done in
21 areas facing similar rate shock put the number of potential
22 jobs lost at a much higher figure.

23 This will have a direct result on our children and
24 grandchildren who may lose their jobs. And it will hit
25 retired people, too, as our taxes go up to make up for lost

1 taxes from closed factories.

2 We strongly urge the PUC to implement the suggestions
3 made by the PUC staff and the Office of Consumer Advocate
4 to cut the requested rate hike.

5 Electric consumers simply cannot afford the kind of
6 increase that PE is asking for. And, frankly, given the
7 number of jobs our city would lose, we're not sure that our
8 economy can afford it either.

9 We also urge the PUC to implement changes in PECO's
10 rate structure based on testimony provided on our behalf by
11 George Grier and George Sterzinger on January 21, 1986.

12 Their testimony showed very clearly the inequity of
13 PECO's current rate structure. During this time of huge
14 rate increases that will place great hardships on low and
15 moderate income people, a rate structure that is fair and
16 equitable becomes long overdue.

17 PE's rates are already among the highest in the
18 country. Senior citizens and all the residents of our
19 city simply cannot afford the huge increase that PE is
20 requesting.

21 We strongly urge the PUC to deny it.

22 Thank you.

23 (Applause.)

24 JUDGE MATUSCHAK: Thank you.

25 Phyllis Zitzer.

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1 (No response.)

2 JUDGE MATUSCHAK: Rev. Dwight Campbell.

3 Whereupon,

4 DWIGHT CAMPBELL

5 having duly affirmed, testified as follows:

6 DIRECT TESTIMONY

7 REV. CAMPBELL: My name is Rev. Dwight Campbell. I
8 am the assistant minister at the Mt. Olivet Tabernacle
9 Baptist Church. I am also here representing the Pennsylvania
10 Public Interest Coalition.

11 Mt. Olivet has a housing complex called Smith-
12 Shepherd Village. The Smith Village houses 200 older
13 adults and 12 physically disabled people. All residents
14 live on fixed incomes. Ninety percent of the residents
15 receive subsidies from the federal program. Thirty percent
16 of family income goes for rent and utilities, ten percent
17 of the residents pay the full cost.

18 At present there is no funding for residents at
19 Smith-Shepherd. If the PUC grants PECO's rate hike for
20 Limerick, Smith-Shepherd will have to increase the rate of
21 rent to cover costs and cut staff size.

22 On the other hand, if additional funding were
23 granted, this would surely mean more taxes from the public.
24 Any way you look at it, the burden falls on the people.

25 PECO spends 14 percent on wages and benefits, and 29

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1 percent on interest payments to its stock and bondholders.

2 In addition, PECO purchases 34 percent of its fuel
3 outside of the State of Pennsylvania. PECO stockholders
4 are the only ones who benefit.

5 If the PUC grants the PECO rate hike, our purchasing
6 power will decrease, business and industry will fail or
7 relocate, and public agencies will cut services and staff.

8 I ask you to question who should pay for Limerick,
9 the stockholders who invest, like Limerick, and probably
10 like Limerick which failed, but still made profits, or the
11 consumers who, for the last five years, received from the
12 PUC rate increases of \$2.5 billion.

13 PE electric rates are among the highest in the
14 country and we cannot afford the 30 percent increase.

15 PECO argues that Limerick 1 is needed to replace
16 its older fossil fuel plants. This has not been proven.
17 Just as with Limerick 2, there are several readily avail-
18 able alternatives. In fact, without Limerick 1 or
19 Limerick 2 PECO already has significant excess capacity.

20 There are also numerous alternative sources of
21 replacement power. For example, one would be oil and gas-
22 fired power. PECO can extend the life of its old power
23 plants by spending more money on maintenance.

24 Two, electricity demand. Depending on future demand
25 for electricity, existing oil plants may be all that is

1 necessary for the next decade. Continuing to improve the
2 energy efficiency could accommodate the limited growth
3 expected in the region.

4 These are just a couple of suggested alternatives
5 for PECO, and I'm sure that you will receive dozens more
6 today.

7 Consumers need protection from present utility
8 practices. Where is the PUC? Consumers receive no protec-
9 tion. Instead, this year PUC Commissioners are asking for
10 some increase to \$65,000.

11 Mt. Olivet supports the PUC Reform Bill 1639. House
12 Bill 1639 would give all Commissioners four-year terms
13 instead of the current ten years. There would be an appoint-
14 ment in the Governor's first year and two in the third
15 year, with Senate confirmation by majority vote. A four-
16 year term makes the Governor and the Senate accountable
17 for appointments. They give the public a way to have input
18 in the process.

19 House Bill 1639 would ban costs that belong to
20 stockholders from the rate base that utilities routinely
21 charge ratepayers for promotional costs that don't benefit
22 us. These costs include advertising, lobbying, filing rate
23 cases, trade association dues and membership in social and
24 service clubs for executives. Stockholders should pay
25 these costs.

1 Advertising costs alone for the top utilities were
2 \$25 million in 1984. We don't think that we should have
3 to pay for that.

4 Increased public right to know about utility prac-
5 tices, getting information about utility costs, is much
6 higher now. We need guarantees that we can find out what
7 they are spending. Long-range forecasts are crucial to
8 assessing utility need. We need to have those forecasts
9 available and have the PUC offer guidelines on what are
10 appropriate utility long-term projections and needs.

11 As the Federal Energy Regulatory Commission cuts
12 back on information that utilities have to file with them,
13 the PUC follows suit.

14 For example, utilities formerly had to name all
15 employees making over \$35,000 a year. Now they need only
16 report those over \$100,000 a year.

17 Since utilities collect our money, you should be
18 able to know what they do with it. Increasing our right to
19 know simply helps even the odds between consumers and
20 utilities.

21 JUDGE MATUSCHAK: Would you conclude to give some-
22 body else a chance?

23 REV. CAMPBELL: I have been waiting here a long
24 time, and I have just about concluded. Thank you, sir.

25 Utilities must make long-range forecasts about

1 power needs. These are crucial to their plans,
2 especially for power plant construction and long-term
3 contracts.

4 Consumers should have full access to this informa-
5 tion. For example, it should be on file in libraries in
6 the service area. We have the right to know utility prac-
7 tices.

8 I thank you very much for allowing me to express my
9 First Amendment rights.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 William E. DeFrates.

13 Whereupon,
14

15 WILLIAM E. DeFRATES

16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 MR. DeFRATES: My name is William DeFrates. Now as
19 I look around the room at the few who are left, I feel
20 cheated. I have sat here all day, and as I proposed a
21 question to the Judge at the beginning of these hearings:
22 Where are the people that are going to listen to my words?
23 I represent no group. I have no prepared statement. The
24 words come from my heart.

25 I am a human being. I was brought up in school to
believe in my government. I fought in the Korean War. I

1 served you, the general public, as a Philadelphia police
2 officer who was injured in the line of duty, and I am living
3 on a \$6,000 a year pension. I am keeping a wife and a
4 retarded handicap.

5 As I sat here this afternoon and listened to the PE
6 employees who want this rate increase, some day you will be
7 retired and maybe your \$20,000 pension 20 years from now
8 will not cover the cost of living anymore.

9 When we had an energy crisis they asked me as a true
10 American to volunteer cutting back and conserve energy. I
11 did, as a true American who believed in my country. Now I
12 do it as a need of necessity.

13 My home contains 25-watt and 40-watt bulbs through-
14 out. Each rate increase that they request comes from my
15 budget for food. There is not much more you can take from
16 \$6,000.

17 Yes, the company must be profitable. We understand
18 that. That is our society; that is what we're all about.
19 But they get one rate increase and a couple months later
20 they're back in here again asking for more. You've bled
21 me till I can't bleed no more.

22 (Applause.)

23 MR. DeFRATES: Where are the TV media now? Where
24 are the people who sat here for the rate increase. I want
25 them to trade places with me. I can't make no more.

1 I heard a young lady sit here and tell you how com-
2 passionate they are. I limp in and pay my bills. No one
3 has asked me how I felt.

4 I am also a heart patient. At the Rising Sun Plaza
5 I had to take heart medication because I started to get
6 pain. No public drinking fountain. I had to argue with
7 the employees to let me go into the back where the employees
8 drink to take medication for my medical condition.

9 I learned long ago in 1959 when I purchased my home
10 the compassion of Philadelphia Electric. We had had a
11 meter reader there that day to read my meter, and that
12 night at 10:30 my home caught fire while my wife and family
13 were in bed. My basement and partial first floor were
14 destroyed, which could be rebuilt; but, you know, PE read
15 my meter and sent me a bill for one penny.

16 They couldn't wait for me to get back into my home
17 and hold that one penny till my next bill. That is docu-
18 mented. They sent me a bill for one penny, what was on the
19 meter from the time the man read it till the time my home
20 was on fire.

21 Well, I'll tell you, we're standing in a church, and
22 I hope that the people who run Philadelphia Electric, if
23 they don't have compassion, find some sense of decency and
24 sanity to stop this or none of us -- what's the use in
25 having electricity if I can't use it. I don't use air

1 conditioning now. I have cut back on everything I can.
2 There is nothing more except to go back to candles. You
3 have bled me dry; there is nothing more I can give.

4 So if you put this rate increase through, you will
5 have nailed my family in the coffin.

6 Thank you.

7 (Applause.)

8 JUDGE MATUSCHAK: Thank you.

9 Caroline Patterson.

10 Whereupon,

11 CAROLINE PATTERSON

12 having been duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 MS. PATTERSON: I am speaking as the President of
15 the Advisory Council of Interac, which is a senior citizens
16 group in Roxborough, and mostly I'm speaking from my
17 heart, because I know how I feel. I am tired of being
18 told that this is a necessary thing because people have
19 been pulling the wool over my eyes, or at least they think
20 they have, and also of other senior citizens in our group.

21 I am not deceived by all this money; we need this,
22 we need that, we need the other thing. And, you know, we
23 have to learn by our mistakes too. And as long as somebody
24 else is going to pay for our mistakes, we're going to keep
25 right on making them.

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1 I think this is one of the worst mistakes if they
2 think that we are going to keep right on paying, because we
3 are not; I mean, we have had it up to here. We are fed
4 up with it. It is a lot of baloney as far as I am con-
5 cerned.

6 I also heard about PE Cares. I grant you, they care
7 a little, maybe, but not enough because there are some of
8 us that are only making \$8,000 a year. Well, you know,
9 \$8,000 a year is all right, I guess, if you have to live
10 on it. But you try to live on it, you people that are
11 working and are not on fixed incomes, and see how you like
12 it. I'm sure that you won't like it any better than I do.

13 It is not easy to make a living. I realize that.
14 But how about the people on fixed incomes? Do you ever
15 worry about us? Not very much. That's for sure. I see
16 it all the time. You don't worry about us, and nobody
17 else worries about us. So if we don't worry about our-
18 selves, who is going to do it?

19 We are out of our rocking chairs now. We're not
20 sitting, rocking our lives away. We are living longer and
21 we are trying to enjoy ourselves. I think that we have a
22 right to. We worked all of our lives, and why shouldn't we
23 enjoy ourselves? Why should we sit in a rocking chair and
24 just let everybody walk over us? I am not a rug meant to
25 be walked on. I'm a human being, too, and so are a lot of

1 other senior citizens. Why should they be walked on just
 2 because they don't come out and say, "Well, I've had enough"?
 3 I mean, I have and I am mad. I don't like it anymore.

4 I am not going to be told that we have to take this
 5 sort of thing, because I know it is not necessary. I mean,
 6 all right, your stockholders, they knew what they were doing
 7 when they got into this. They knew they were taking a
 8 chance, and so did the company. And I think you have to
 9 share things a little bit.

10 I realize everything is going up, but do I have to
 11 pay it all? Let the shareholders pay some of it and let
 12 the company pay some of it. They have their write-offs.
 13 How about that? Do you have one? Do you people that are
 14 on fixed incomes have write-offs? I don't think so.

15 Well, that's all I've got to say. I can't say much
 16 more.

17 (Applause.)

18 JUDGE MATUSCHAK: Thank you.

19 Agnes Lenox.

20 Whereupon,

21 AGNES LENOX

22 having been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 MS. LENOX: I have been going to Action Alliance and
 25 I have been going to two senior citizens, St. Joseph's

1 Parish in Manayunk, and I also belong to Interac. My
2 sister belonged nine years and she had a nervous breakdown,
3 so she asked me to join. So I did for her sake.

4 My husband had passed away seven years ago, and
5 after that, four months later, in the same -- well, a year
6 and four months later, Mother's Day, my son was killed in
7 an automobile accident, and I have a boy who was -- some
8 people thought he was retarded, but he wasn't; he had
9 rheumatic fever, epilepsy, he had diabetes and a bad heart.

10 So the doctor said--being as I lost my younger son,
11 she said we have to socialize, one of us; so he said I
12 can't, I'm sick.

13 So I said, "Well, I've got news for you, doctor, I
14 do socialize now. I go down the street to the Baptist
15 Church. And my son couldn't sleep at night, so in the
16 morning he would be in bed and I would do my work, and I
17 would hurry up and have things ready to make sure that he
18 is okay. He knew if I wasn't home, I would be down at the
19 church, and I would bring some goodies home for him. All
20 the seniors knew my son and they loved him. They used to
21 give him things and he felt like someone loved him.

22 That helped us to bear the loss of the son, my
23 younger son.

24 So we moved up to Ridge to Interact, and now we have
25 home people in wheelchairs and canes. And on account of

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1 Reagan we are almost going to lose the opportunity to
2 help them. We bring them out of their homes and their
3 families can go to work, so we have to sign our names and
4 say why do we think that these home people should be brought
5 up here.

6 We also -- before you could go in there, sit down
7 and just wait for your lunch. You can't do that anymore.
8 Caroline does a lot of volunteer work. I don't know how
9 she does it. But I am doing it too. I walked two miles up
10 to Interac; I couldn't get a bus. My sister said, "Stay
11 home because you just got over the flu." I said, "No,
12 they need me; I'm going with Caroline down to the Baptist
13 Church to represent us. All the people can't go."

14 So I said -- when I got there, they didn't know what
15 to do. They wanted to raise some money, so we bring clothing
16 in, and it is called the Handy-Dandy Shop. So we sell
17 clothing twice a week.

18 So I went downstairs to help the lady, and I brought
19 up four coats, a couple of dresses and things, and the
20 people who were crippled couldn't go down the steps, so
21 they looked so happy. They bought the coats; they bought
22 the dresses and things. And now every week we're going to
23 bring clothes upstairs because they can't walk down those
24 steps, you know?

25 It is also coupons. Coupons save money, so we all

1 bring them in and help each other save money that way. My
2 sister is a coupon girl, and she gets sick every winter and
3 I wind up being the coupon girl.

4 Then I belong to Sing-Along. Every Friday Caroline
5 and I, and then at Christmas and at Easter, we get out in
6 front of all the people and we sing and then they sing.
7 Then I have a Polaroid camera and I take pictures of people.
8 I even have some now from Halloween.

9 So I belong to the dancers, the Interac dancers,
10 and the thing that I'm --

11 JUDGE MATUSCHAK: Please, --

12 MS. LENOX: I'm going to stop, but I just want you
13 to know that senior citizens, they want to keep their
14 senior citizen post. They are not only members; they have
15 to do volunteer work. And we are bringing out those people
16 out of the houses that are in their wheelchairs. They have
17 these vans that can go right down to the ground and pick
18 them up and put them in.

19 So I'm just telling you, don't worry, when you get
20 older and you're a senior citizen, nobody is going to put
21 you in an old home in a rocking chair.

22 As far as my electric bill, when my husband and my
23 two sons were living, my bills were smaller; but I'm a
24 widow and I can't understand, I am out every day. Why is
25 my bill going up? My neighbor, before he passed away, he

1 had 100 amp put in and he moved my electric pipe. Do you
2 know, I had to pay an electrician to put in four recep-
3 tacles into the wall because they went dead on me, four of
4 them, and I had a fire in the cellar from, what were you
5 saying, the transformer on the valve that my husband put
6 in before he died. That caught on fire.

7 Then finally I had to call an electrician to put
8 100 amps in for me. Now, if he has 100 amps above me and
9 I've got 100 amps, he can use more electric; and he moved
10 all of my wires in front of his house and I asked the
11 electric company to move my wires back to my house, and
12 they said they can't. He had some friend of his do the
13 job when I wasn't home.

14 Now he died and his son lives there and they have
15 a washer and dryer and everything. Now that's why I'm
16 worried about when my electric bill was not -- some people
17 tell me "My bill is \$28," and mine was \$43. Do you know
18 in one month my electric bill went up \$11. I can't believe
19 it. What do you think?

20 JUDGE MATUSCHAK: Thank you.

21 MS. LENOX: If it keeps going up, then I -- why
22 can't the electric company take my wires away from the
23 neighbor's house and put them in front of my house again?
24 The man came out from the electric company and he looked at
25 the pole, never climbed the ladder, never did nothing.

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1 JUDGE MATUSCHAK: Thank you.

2 MS. LENOX: The electrician came in to move it.

3 JUDGE MATUSCHAK: Thank you.

4 MS. LENOX: What do you think? They say: if you
5 think somebody is cheating on electric, tell us, right?

6 JUDGE MATUSCHAK: You can complain to the Public
7 Utility Commission.

8 MS. LENOX: I can tell you I will; I have to.
9 Thank you.

10 JUDGE MATUSCHAK: Thank you.

11 (Applause.)

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1 JUDGE MATUSCHAK: Julie Slemba?

2 (No response.)

3 JUDGE MATUSCHAK: Dr. Leon Johnston?

4 Whereupon,

5 LEON JOHNSTON

6 having been duly sworn, testified as follows:

7 MR. JOHNSTON: My name is Dr. Leon Johnston. At
8 the present time I am serving as President of the Citizens
9 Utility Board, better known as CUB to most of you, of
10 the State of Pennsylvania.

11 Our organization has made affiliations with other
12 groups, other civic groups and community groups throughout
13 the City of Philadelphia. Our purpose and our aim is
14 to keep our eyes on the utility companies that are con-
15 stantly taking us over, seemingly for more and more money.

16 Today it has been a very, very interesting
17 experience sitting here listening to all of the speakers
18 who spoke this afternoon and voiced their opinions pertain-
19 ing to the electric rates increase that has been asked
20 for by our local PECO organization.

21 Earlier I heard one gentleman mention that he
22 found fault with the PUC structure in which probably a
23 vote of two to one will be a deciding factor whether this
24 rate increase of 28 or 30 percent is granted or not. And
25

1 as I sat there listening to him say that I recalled coming
2 from City Hall two years ago last January, last month,
3 when the PUC of the State of Pennsylvania held a meeting
4 in the Mayor's office in City Hall, asking for the
5 restructuring of the PUC. And we sat there on that
6 particular day -- I came in at 1:00 and stayed until
7 after 5:00 before I was granted an opportunity to speak.
8 And everybody voiced an opinion at that particular day
9 two years ago that the PUC certainly should be enlarged
10 in membership from five members probably up to eleven
11 or thirteen, somewhere around that particular number.

12 Today we see the PUC still operating with just
13 probably three people making the decisions.

14 I don't know how many of you recall when the
15 Bell Telephone rates changed on all of the streets from
16 a dime to a quarter; I don't know how many of you recall
17 when that decision was made two to one. Two to one, just
18 like the gentleman was speaking about earlier today
19 about probably this decision should be made by more
20 people, an enlarged PUC organization or Commissioners
21 or somebody.

22 I heard someone speak about the human interest
23 part that Philadelphia Electric has in consideration for
24 the senior citizens, and I had to smile. I laughed to
25

1 myself when I heard that because this beautiful story about
2 this young lady that the lady told was very heart-rending
3 and touching. But if PECO is so concerned about the senior
4 citizens and about our welfare, then why doesn't PECO
5 emulate the Philadelphia gasworks and our Philadelphia
6 waterworks and give a discount of some sort to senior
7 citizens rather than this sympathetic attitude?

8 And I heard many other voices this afternoon. One
9 gentleman mentioned something about this Limerick unit
10 would last to the year 2040, and he went on and he elabor-
11 ated on how beautiful it would be for us to have Limerick.

12 I would like to know what crystal ball he was
13 looking in that he could predict how long the life would
14 be for a Limerick unit. Not to 2040, but let us just say
15 to 1988, and we have seen so many of them breaking down,
16 and we have been told that it was just a minor disturbance
17 or what-not.

18 No one knows how long they will last, but certainly
19 the history of nuclear power plants all over the United
20 States has shown us that they are deficient.

21 And I believe it was the beautiful young lady who
22 spoke from West Philadelphia who mentioned how many nuclear
23 plants have closed in the California area and all through
24 the United States. Then if they are so wonderful, how
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1 come the nuclear plants are closing in these various
2 vicinities?

3 But now I will get to what I really came to say to-
4 day. I speak today on behalf of the many fine members and
5 supporters of our organization, the young, the medium-aged
6 and old alike. When will the ever-pressing, constantly-
7 demanding rate increase requests by the Philadelphia
8 Electric Company end?

9 We are respectfully asking the Pennsylvania PUC to
10 completely turn down this latest request for a huge 28
11 percent or more rate increase that is being sought by PECO,
12 for several various reasons.

13 Number one, looking at our industrial and commer-
14 cial situation in Philadelphia and in many areas of the
15 State, we find that many manufacturing plants have re-
16 located elsewhere in America due to the high cost of energy
17 already being charged.

18 I'm going to pause here from my paper because
19 several gentlemen, youngsters, spoke this afternoon about
20 a dissertation by a college professor at Penn State, who
21 went on to say that although 19,000 jobs probably had been
22 lost in the State of Pennsylvania, they have been replaced
23 by service jobs. I want you to think about what that
24 means when they said they have been replaced by service jobs.

25 Are they speaking about the teenagers who work in

1 all of the fast food establishments? Are they talking
2 about the many maid services in local hotels that have been
3 established and built throughout the State of Pennsylvania?
4 Are they to replace our industrial concerns such as Scott and
5 some of the others that are moving out of the City of
6 Philadelphia and going south for this reason and for that
7 reason?

8 Just two weeks ago -- or one week ago we had
9 another large concern that spoke about not staying here in
10 Philadelphia. And they are basing it on the huge, the very
11 huge rate payments that they must pay for the management
12 of the plants in order to keep the plants alive. They are
13 leaving our area.

14 These service jobs that they quoted certainly will
15 not replace our industrial concerns. The textile mills that
16 used to be in Philadelphia, the many many industrial plants
17 that we had in the Northeast up on the Delaware River,
18 those jobs are gone forever. And they were the high taxing
19 jobs. Those people made the money to pay high taxes to the
20 City of Philadelphia to make it easier for those who
21 didn't have a high income.

22 Getting back to my paper, I would also state this:
23 too, many industrial firms in their desperation have turned
24 to ways of producing their own energy, with the resultant
25 loss of income which PECO then seeks to recover from.

1 those least able to pay, the residential and small business
2 owners ratepayers, you and me, the poor ratepayers. With
3 the large firms leaving somebody has to take up the slack
4 for money for PECO. Those expenses are being passed on to
5 the low income ratepayers.

6 I would like to say something now on behalf of
7 senior and retired citizens. I am appending a duplicate
8 which I have put here. I am appending a duplicate of my
9 living, if you wish to call it that, as an example of a
10 retired couple on a fixed income, meeting electric rate
11 increases the last four years.

12 According to my records -- and here it is -- from
13 January 11, 1982 to February 19, 1982 I used 338 kilowatt-
14 hours, which cost me \$29.35.

15 From October 23, 1984 to 11-21-84 we were charged
16 -- my wife and I were charged for 339 kilowatt-hours, just
17 one more kilowatt-hour, at a cost of \$37.97, an increase
18 of approximately 28 percent in two and three-fourths years;
19 in two and three-fourths years an increase of 28 percent.

20 More recently, from 7-24-85 to 8-22-85 we used but
21 381 kilowatt-hours, less kilwatt-hours than the 338, but
22 we were charged \$39.16.

23 Two years before the \$39,16, for 17 kilowatt-hours
24 more we paid \$29.35.

25 Every year I have received a notice from PECO --

1 and I do mean every year I have received a notice from PECO
2 that my budget account should be increased, although our
3 use of service remained very constant each year.

4 Within a few years since retiring in 1980, I have
5 seen my monthly budget bill to PECO increase from \$28 a
6 month to \$45 a month.

7 On the other hand, my Social Security checks have
8 -- and will -- remained the same amount except for a small
9 cost of living adjustment, and that of course is at the
10 whim of our President, who when he decides to postpone it
11 six months does that and says: we'll hold it for six more
12 months.

13 There is one other area that I rarely see mentioned
14 and that is -- incidentally I have not seen it mentioned
15 this afternoon; sitting here three hours I have not heard
16 this area mentioned, and that is the area pertaining to a
17 more dedicated program for better management and cost-cut-
18 ting resourcefulness by PECO, itself.

19 For example, all over the City night after night
20 many athletic fields are brightly illuminated by hundreds
21 of powerful lights shining down on non-populated grounds.

22 I will pause here because some of you if you were
23 to accompany me this evening up into the Northeast where
24 I live, up there by Wisahickon Park, you will find those
25 lights, those illuminating lights shining down on that

1 field in several places; not only on the football field but
2 also over there at the place that they put in for a skating
3 rink of some kind, and on the tennis courts, and you won't
4 find -- you won't find five people up there on all that
5 ground under all those powerful lights.

6 Those lights are shining so bright you can play
7 baseball there if you had a baseball team.

8 And this goes on and on and on, the same thing in
9 my area, which is in Frankfort. The local field there is
10 illuminated night after night with bright lights, and nobody
11 is out there under the lights, only the benches and the
12 grass.

13 I constantly say to myself -- and I say to my wife
14 as we witness this -- who pays for this waste?

15 VOICE: The City of Philadelphia.

16 MR. JOHNSTON: Undoubtedly, ladies and gentlemen,
17 better management practices by PECO are needed. These are
18 just two of the examples that we see.

19 What about all of those things that happen within
20 the plants, within the operations of PECO, itself, that
21 we don't see, but certainly could be improved, and save
22 the taxpayers money.

23 As a senior retired person, I also question this
24 -- and I'm getting ready to end, Doctor.

25 As a senior retired person, I also question the

1 \$4.00 customer charge added on each of my bills. What am
2 I receiving for my \$48 per year from PECO? You cannot tell
3 me -- you cannot make me believe that it costs PECO \$4.00
4 per customer to prepare your monthly bills and send them
5 out to you. But on your bills, on part of your bill is this
6 \$4.00 customer charge by PECO.

7 In conclusion, we, the members of the Citizens
8 Utility Board of Pennsylvania, sincerely urge that the
9 latest request of PECO to have ratepayers pay for Limerick
10 Unit 1 be rejected. It has reached a point where the rate-
11 payer simply cannot afford to pay more for electrical
12 services.

13 I'm going to repeat that sentence. It has reached
14 a point where the ratepayer simply cannot afford to pay
15 more for electrical services.

16 No attempt will be made here to review the
17 historical failures of such plants that are similar to the
18 proposed Limerick, and no attempt will be made here to
19 discuss the findings pertaining to the opening of the
20 Limerick units that some of the Commissioners, themselves,
21 said should not be opened.

22 Thank you. Signed Dr. Leon Johnston, President of
23 CUB.

24 (Applause.)

25 JUDGE MATUSCHAK: Thank you.

1 David Williams?

2 Whereupon,

3 DAVID WILLIAMS

4 having been duly sworn, testified as follows:

5 MR. WILLIAMS: Good evening, everyone. My name is
6 David Williams, and I'm President of the Belmont
7 Improvement Association in West Philadelphia. This is an
8 organization that was founded about 10 years ago in
9 September to improve the neighborhood and the surroundings
10 and whatever could be done as far as housing was concerned.

11 That gentleman in the back was one of my staunchest
12 supporters when we started.

13 I have been here since 1:30 and I've heard a lot,
14 and maybe it might be good because you know what people are
15 thinking about.

16 One thing we did talk about was what happened to
17 all of the people who were from PECO; where did they go?
18 They need to be sitting here listening, not just one or two.

19 Also I gave the gentleman here some petitions that
20 were signed by my neighborhood group.

21 But, you know, I went outside and talked to a
22 gentleman who had some petitions signed outside and he said
23 that someone had taken those petitions, and I want to know
24 why. I just wanted to make that comment.

25 I'm here to represent my neighborhood because in

1 our offices on each weekday we have anywhere from 40 to 50
2 people coming in to sign and get help with their electric,
3 with their gas or with their water.

4 I talked to the secretary today, and she told me
5 just in January more than 300 citizens came in to get
6 relief from their electric and gas and water bills. We
7 supply \$500 toward the utility bills. From September to
8 December we had more than 1000 people come there to our
9 office to get assistance with their utility bills, and we
10 hope that something can be done about this. But what we do,
11 what we can do, is try to get the electric company to
12 realize that we have to see senior citizens; we have to
13 talk to them.

14 I wish there was more community groups here to
15 testify because this is most important in the inner city
16 area. I'm not talking about downtown or out in the suburbs;
17 I'm talking about in the inner city areas where we people
18 in the neighborhood have lived there for years and
19 years and years.

20 I've lived in my neighborhood for 40-some years,
21 44 years now. And in order to help those people who can't
22 help themselves, we have to realize that the help has to
23 come from somewhere.

24 I have a suggestion. Why not charge people for
25 electricity on the basis of their salaries; I mean on the

1 basis of income. If people don't earn much they can't
2 afford to pay these bills, these higher electric bills.
3 That's the reason why the volume is so high in the office
4 where we work.

5 You know, it reminds me of the Benjamin Franklin
6 Bridge. When it was built years ago they said I think
7 after 25 years you wouldn't have to pay any more toll, and
8 it was 25 cents and then it was 50 cents, and you know what
9 it is now. And before this century is over it will
10 probably be \$1.00, maybe in this decade. Think about that.

11 I have one more thing -- that's about it.

12 I wanted to make it short, but I would like to
13 make some suggestions here if possible. One is that when
14 people come into these hearings again that they have a
15 time limit for people to speak; that's number one.

16 And number two, is it possible for those people
17 who are going to present their -- whatever they are going
18 to present, to be sworn in all at once so that it wouldn't
19 take that time up; you know, from 1:00 until what time is
20 it -- 5:00? That's a pretty long time to sit.

21 MS. LENOX: This man is talking about saving
22 people. I meant to mention that the company --

23 JUDGE MATUSCHAK: Let the speaker continue.

24 MS. LENOX: -- does give a discount to the people
25 who have electric heat; right?

1
2 JUDGE MATUSCHAK: Let the speaker finish.

3 MR. WILLIAMS: One other thing we do have is
4 weatherization. We do have a weatherization program that
5 goes on. I think we have 150 homes that have been weather-
6 ized. Of course you get a reduction on that on your income
7 tax. In this area if your house is weatherized it is good,
8 but if your bill is up high and you can't afford to pay
9 because what happens is people have to go to their food
10 bill -- they have to go to many things.

11 And beings I am on a fixed income myself -- I just
12 retired a couple of years ago -- I know this is kind of
13 hard. And these people have been retired for so long and
14 all of a sudden they look at a 30 percent increase in their
15 electric bills, and I think it is disgraceful, and I think
16 something needs to be done about it.

17 Thank you very much.

18 (Applause.)

19 JUDGE MATUSCHAK: Thank you.

20 Stephen Batippi?

21 (No response.)

22 JUDGE MATUSCHAK: Grace Muscarella?

23 (No response.)

24 JUDGE MATUSCHAK: Alberta Gerould?

25 (No response.)

1 JUDGE MATUSCHAK: Mary Mikus?

2 MS. GEROULD: I am here.

3 Whereupon,

4 ALBERTA GEROULD

5 having been duly sworn, testified as follows:

6 MS. GEROULD: What disturbs me about the 30 per-
7 cent price rise in electricity from Limerick No. 1 and 2
8 is that I will be put in a more dangerous situation, not
9 less dangerous.

10 In spite of the NRC safety standards requiring
11 such plants to be more than 50 miles from a metropolis,
12 these two will be only 21 miles away. This poses a danger
13 in case of a meltdown or of catastrophic proportions.
14 No way can this city be evacuated in case of a meltdown.

15 Considering the hazard that I face to my health
16 and life, it would be more appropriate for the electric
17 company to reduce my bill by 30 percent instead of raising
18 it.

19 (Applause.)

20 JUDGE MATUSCHAK: Thank you.

21 Mary Mikus?

22 (No response.)

23 JUDGE MATUSCHAK: Steven Green?

24 Whereupon,

25 STEVEN GREEN

having been duly sworn, testified as follows:

1 MR. GREEN: I would like to thank the PUC for
2 giving me the opportunity to speak today. My name is
3 Steven Green, and I'm testifying on behalf of the
4 Southeastern Pennsylvania Chapter of the Americans for
5 Democratic Action.

6 We are opposed to PECO's \$671 million rate
7 increase.

8 In addition to ADA's long-standing interest in this
9 issue, I have some technical expertise on energy, including
10 education in economics and employment in the Congress of
11 the United States Government during the years 1975 through
12 1979.

13 I worked for the Federal Power Administration as
14 an energy economist and for the Department of the Interior
15 as a mineral resource economist.

16 ADA supports the proposal by the Office of the
17 Consumer Advocate to reduce PECO's rate increase from
18 \$671 million to \$134 million. We are especially opposed
19 to any increase in PECO's rate of return to help finance
20 Limerick 2. We believe Limerick 2 should not be built
21 because it is not needed, and will cause our region's
22 economy to suffer needless economic pain.

23 The PUC can use its authority to order PECO to take
24 measures which will eliminate the need for Limerick 2,
25 such as promotion of energy conservation, co-generation

1 and alternate energy technologies.

2 Furthermore, the PUC can provide economic incentives
3 to PECO which would reward policies which would eliminate
4 the need to build additional generating capacity.

5 There was once a time when it was said that
6 economic growth was dependent upon ever-increasing consump-
7 tion of energy. A series of events starting with the
8 first Arab oil embargo in 1973 has historical significance.

9 According to the latest statistics available from
10 U.S Government's Energy Information Administration, our
11 Gross National Product from 1973 to 1984 rose 31.2 percent.
12 That is using the real 1972 dollars our GNP rose from
13 \$1.25 trillion in 1973 to \$1.64 trillion in 1984.

14 During this same 1973 to 1984 period total energy
15 consumption in the United States actually decreased from
16 74.3 quadrillion Btus in 1973 down to 74.0 quadrillion
17 Btus in 1984.

18 Measured another way, the amount of energy input
19 needed to produce a dollar of GNP decreased by 23.6 percent
20 during this period.

21 Due to new energy supplies and conservation
22 technologies and continued public support for energy
23 conservation, the trend in decreased energy inputs per
24 dollar of GNP is likely to continue.

25 Our standard of living can continue to increase

1 without increased energy consumption in the years to come.

2 The American people have made commendable progress
3 in reducing levels of energy consumption. Government
4 programs such as automobile fuel efficiency standards have
5 been successful to the point where OPEC is now falling
6 apart.

7 Unfortunately a similar government program to set
8 standards for appliances has been stalled by opposition
9 by the Reagan Administration.

10 These obstructive practices were taken to court
11 and in July of 1985 the U.S. Court of Appeals struck down
12 Reagan's policy which preempted standards set by state
13 governments. After a six-year delay, we can now look
14 forward, hopefully, to the elimination of inefficient
15 appliances from the marketplace.

16 Just as automobile efficiency standards have
17 stopped production of gas-guzzling automobiles, and reduced
18 the amount of petroleum needed to power our nation's
19 auto fleet, these new appliance standards will result in
20 reduced energy electricity consumption.

21 As the price of electricity continues to rise, new
22 energy-saving technologies will be developed and perfected.
23 One example which can make a significant reduction in our
24 electricity consumption is the replacement of the common
25 incandescent light bulb with new screw-in fluorescent light

1 bulbs.

2 Continued advancements in fluorescent technology
3 has solved the problems of flicker and poor color, and now
4 screw-in fluorescent bulbs can produce the same amount of
5 light as incandescent lights, but with 75 percent less
6 electricity.

7 When a life cycle analysis is done comparing
8 10,000 hours of light produced by 75 watt incandescent
9 light bulbs with the same amount of light produced by
10 18 watt fluorescents, the fluorescent is 48 percent less
11 costly.

12 The aggressive use of new energy-efficient
13 technologies combined with widespread use of co-generation
14 and conservation can eliminate the need for Limerick 2.
15 Any economic damage that will result from the PUC's
16 granting of PECO's full \$671 million rate increase, there-
17 fore, is needless.

18 The potential for disaster is very real. The
19 estimate of 90,000 jobs lost make by a Wharton economist
20 should be seriously considered.

21 Let me emphasize that the 19,000 figure is just the
22 first installment. Limerick 2's completion will probably
23 result in another very large rate increase request, which
24 would produce even more job losses. The loss of jobs
25 combined with large increases in home electric bills would

1 push thousands across the poverty line. More poor
2 people would increase demands on local government
3 services, but local governments also fact increased electric
4 bills, meaning a tax increase could only be avoided by
5 cutbacks in local government services.

6 This could not occur at a worse time since the
7 elimination of federal revenue sharing takes effect this
8 year and the Gramm-Rudman policy which passed Congress
9 last year is beginning to cause automatic cutbacks in many
10 programs which benefit our region such as mass transit and
11 aid to education. SEPTA will need to increase fares to pay
12 for its increased electric bill, and water and sewer bills
13 will also increase.

14 All of this is unnecessary. The PUC can serve the
15 public good by refusing PECO's astronomical rate increase.
16 The PUC can order PECO to promote energy conservation. The
17 PUC can order PECO to sell more efficient appliances in the
18 PECO retail outlets.

19 The PUC can order PECO to build and finance co-
20 generation facilities for Amtrak and the University of
21 Pennsylvania and other energy users who could benefit from
22 co-generation.

23 Finally, the PUC can provide incentives to PECO
24 to exist and thrive without Limerick 2 by making PECO's
25 rate of return conditional upon PECO's success in promoting

1 energy conservation, co-generation and alternate sources
2 of energy.

3 Members of the PUC, the future of our region's
4 economic future lies in your hands. Please make a choice
5 which will maximize the public good.

6 Thank you.

7 JUDGE MATUSCHAK: Thank you.

8 (Applause.)

9 JUDGE MATUSCHAK: Thomas Logan?

10 Whereupon,

11 THOMAS S. LOGAN

12 having been duly sworn, testified as follows:

13 MR. LOGAN: My name is Thomas S. Logan. I happen
14 to be the Rector Emeritus of Calvary Episcopal Church
15 at 41st and Parrish Streets.

16 I have been here all afternoon, and I do hope that
17 many of the Philadelphia Electric people are here to hear
18 us, to know how we can conserve some of this energy in
19 various ways that we, the consumers, are trying to tell
20 them about; and I know that they are going to do this.

21 I am in a little of a dilemma because I have a
22 prepared statement on which I want progress to be made, and
23 yet, as we hear so many citizens criticizing and giving a
24 forward statement of the progress that the Philadelphia
25 Electric Company can do -- may I read my prepared statement?

1 When we say that electric rates are high, let us
2 also make the same clear statement that many other things
3 that we depend upon are also high in price. But the ques-
4 tion we must also ask is: what are the alternatives to the
5 price we must pay?

6 For electricity there is no alternative. Now we
7 cannot have things both ways. We need energy. Our people
8 need the energy. They must have it now and on into the
9 future. For the connection is clear between energy and
10 jobs. Without a safe sure supply of energy we will have
11 none of the other things we value and need.

12 We are told there are alternatives to Limerick.
13 I don't see them. I don't see solar collectors on every
14 roof. I don't see the co-generator plants that are
15 supposed to render Limerick unnecessary.

16 If Limerick Unit No. 1 does not get some kind of
17 fair rate treatment then the electric company is certainly
18 not going to go on and finish the second unit. I am sure
19 that there are those who think that that would be the proper
20 course. It would not be. We need those units, and we
21 need the jobs they will create.

22 Let us get this done and move on. We need the
23 electricity, and we will have to pay the fair price for it.
24 There is no other way.

25 I think I'm the last speaker, am I not, Mr.

1 Chairman?

2 JUDGE MATUSCHAK: No, you are not. There are more
3 here.

4 MR. LOGAN: Thank you.

5 JUDGE MATUSCHAK: Thank you.

6 (Applause.)

7 JUDGE MATUSCHAK: Robert Kaufman?

8 (No response.)

9 JUDGE MATUSCHAK: Eli Shneyer?

10 (No response.)

11 JUDGE MATUSCHAK: Emily H. Lawless?

12 Whereupon,

13 EMILY H. LAWLESS

14 having been duly sworn, testified as follows:

15 MS. LAWLESS: Good afternoon. As the last speaker
16 for this particular hearing, and also knowing that most of
17 you here have been listening too much, I would like to just
18 make my points, my four points, at this hour.

19 I'm speaking as a consumer. However, I represent
20 a member of an organization called Citizens of Tioga-
21 Nicetown. I'm one of the charter members on the Board of
22 Governors there. Also I now direct a program called
23 Bridgeway, which is a program for young adults in the
24 Upper North Philadelphia section, for young adults 18 to
25 38.

1 As a consumer, of which I'm speaking, and one of
2 50,000 people who live in that geography, I felt as though
3 I should address this audience today and speak about these
4 four points.

5 One, with the past integrity of the Philadelphia
6 Electric Company and the Philadelphia region; and, two,
7 with the present service of Philadelphia Electric Company;
8 and, three, the creative care and monitoring of our
9 citizenry such as has been shown here today, and the kind
10 of concern that is really of all ages, that really speaks
11 to the humanity and the need for a change in our direction
12 with our management of the system.

13 With these three points I would like to move to the
14 fourth, which includes the future mission of its technology
15 so that the reputation and track record of PE can develop
16 into efficient systems minus Limerick, to ensure physical,
17 emotional and economic well-being for the life of all of
18 us into the Twenty-first Century.

19 Thank you.

20 (Applause.)

21 JUDGE MATUSCHAK: Thank you. I think that
22 concludes the people who indicated they wanted to speak.
23 I want to thank all of you for your kind attention and
24 your courtesy in this proceeding. I know it is hard some-
25 times to listen to things that we don't agree with, but,

1 in fairness, you have done that, and I congratulate you again.

2 I want to state to you that your comments and your
3 expressions here today are as much a part of the record as
4 any of the technical matters that will come before the
5 Commission.

6 Thank you again.

7 (Whereupon, at 5:22 p.m. the hearing was closed.)
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C E R T I F I C A T E

1
2 I hereby certify, as the stenographic reporter, that
3 the foregoing proceedings were reported 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.

7
8 COMMONWEALTH REPORTING COMPANY, INC.

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11 BY: Phyllis Glass
12 Phyllis Glass

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JANUARY 28, 1986

OFFICE OF CONSUMER ADVOCATE
% SANCTUARY, ARCH ST. UNITED METHODIST CHURCH
BROAD AND ARCH STS,
PHILA, PENNA.

RE: PROPOSED ELECTRIC RATE INCREASE.

TO WHOM IT MAY CONCERN:

EACH UTILITY, AS THEY THINK THEY NEED A RAISE, DOES NOT STOP TO CONSIDER THAT ALL THE OTHER COMMISSIONS WANT THEIR RAISE ALSO: SO WHEN YOU HAVE RAISES FORCED ON YOU FROM THE GAS CO., ELECTRIC CO., WATER DEPT, TELEPHONE CO. ETC. ALL TOGETHER HITS US AT WELL OVER 100% , YET CONGRESS PUTS A STOP HOLD ON ALL GOV'T COLA RAISES OF A MERE 3.1%.

NOW I RUN A FAMILY WITH 3 SICK PEOPLE. IT TAKES A LOT OF WATER TO KEEP THEM AND THEIR BEDS CLEAN. IT ALSO COSTS LIKE THE DEVIL TO PAY MY ENORMOUS ELECTRIC BILLS, WHICH INCLUDE ELECTRIC USED FOR SEVERAL APPLIANCES NEEDED FOR HEALTH PURPOSES. MY GAS BILLS ARE ASTRONOMICAL, AND FOR WHAT PURPOSE, ONLY TO KEEP THE HOUSE WARM, AND HEAT THE WATER FOR THE WASH: OH YES ALSO TO COOK THE FOOD FOR THESE PEOPLE.

AS YOU CAN SEE WE ARE NOT BEING EXTRAVAGANT, ONLY TRYING TO SURVIVE. IS THAT ASKING TO MUCH.

I CAN'T GET TO THIS MEETING BECAUSE OF MY FAMILY THAT I MUST TAKE CARE OF, SO I AM HOPING YOU WILL ACCEPT THIS LETTER IN MY PLACE.

YOURS TRULY,



*P.S. Heincome
has not gone up*

Testimony Before the Public Utilities Commission
February 4, 1986

submitted by Jane Shull
Director, Institute for the Study of Civic Values

My name is Jane Shull and I am here representing the Institute for the Study of Civic Values, a non-profit educational and research organization which helps low and moderate income neighborhoods and their residents.

We are opposed to the proposed increase for three reasons. People cannot afford it. It will cost jobs. And it is unnecessary.

I have been working in low and moderate income neighborhoods in Philadelphia for 12 years. During that time we have seen electric costs go from a relatively minor part of a person's budget to in some cases becoming the difference between whether they can stay in, or lose, their homes. Another rate increase at this time will cause great hardship.

Secondly, conservative estimates say that this region will lose 19,000 jobs as a result of this rate increase. This region cannot afford to lose 19,000 more jobs.

Third, the increase is unnecessary, as the Limerick nuclear power plant is unnecessary. PECO is asking the ratepayers to pay for their past errors in overestimating the need for electricity in this region, and underestimating the cost of nuclear power, versus other alternatives to provide it.

If we had a situation where a price had to be paid to insure that the region has adequate electricity, as some have argued here today, then perhaps we could debate how to make that burden fall most fairly. But that is not the situation. What we have, instead, is a situation in which the electricity needed by the region could be provided without the nuclear power plant for which the electric company wants the ratepayers to absorb the cost. That is what makes the proposed rate increase not only an intolerable burden on this region, but a completely unfair one as well.