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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 :
annual rate increase. :Docket No.

Public Input Hearing :
:R-850152
:

Pages 1 through 125

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

Tuesday, February 4, 1986

Met, pursuant to notice, at 6:30 p.m.

BEFORE:

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

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P R O C E E D I N G S

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3 ADMINISTRATIVE LAW JUDGE JOSEPH MATUSCHAK: We had
4 one public input session here this afternoon in regard to
5 the application of the Philadelphia Electric Company for
6 a rate increase.

7 Before I proceed, I would like to first introduce to
8 you and present to you Commissioner Shane, who is sitting
9 here on my right.

10 Next I would present Mr. Bennett, who is representing
11 Chairman Taliaferro.

12 Mr. Bennett, do you have anything to say?

13 MR. BENNETT: Thank you for coming here tonight. My
14 name is Bob Bennett. I work for Chairman Taliaferro. I
15 will be helping the Chairman review the Judge's decision
16 and the positions of the parties in the case. I will also
17 be taking directly back to the Chairman your comments today;
18 and again, I want to thank you for coming out on such a
19 horrible night.

20 JUDGE MATUSCHAK: Next we have Mr. Longwell, who
21 is representing Commissioner Fischl.

22 MR. LONGWELL: My function is basically the same as
23 Mr. Bennett's. I work for Commissioner Fischl. I would
24 like to express my gratitude to everybody for being out
25 tonight. Thank you.

JUDGE MATUSCHAK: Before we proceed, I want to present

1 to you some of the representatives or counsel for the various
2 parties.

3 First, I would like to present Mr. Jerrett from
4 Philadelphia Electric Company, who will explain to you what
5 the proposed increase entails.

6 Mr. Jerrett?

7 MR. JERRETT: Good evening. My name is Jack Jerrett,
8 and I am counsel for Philadelphia Electric Company in this
9 matter. With me tonight is Mr. Raymond Williams, who is
10 manager of Philadelphia Electric's Rate Division.

11 On September 22nd, 1985, Philadelphia Electric Company
12 filed a request with the Pennsylvania Public Utility Commission
13 asking them to increase their rates to electric ratepayers.
14 Along with this filing, the company filed substantial evidence
15 and exhibits supporting this request. The company's witnesses
16 supporting this testimony have since been cross-examined by
17 the opposing parties in this case, and the opposing parties
18 in turn have had a chance and have, in fact, submitted
19 rebuttal testimony responding to the company's request.

20 The opposing parties are now in the process of being
21 cross-examined by the company. After that has been completed,
22 the company will then get an opportunity to file further
23 responsive testimony; after which, Judge Matuschak will issue
24 a recommended decision in this matter. After that has
25 occurred, the Commission will then enter a final order.

1 The purpose of this hearing here tonight is to solicit
2 your opinions, you being the ratepayers and the general
3 public, your opinions and views on this rate increase.

4 Thank you.

5 JUDGE MATUSCHAK: Thank you. And next we have
6 Veronica Smith, who is representing the Commission's
7 Prosecutory Staff.

8 Ms. Smith?

9 MS. SMITH: Thank you, Your Honor. Good evening.
10 My name is Veronica Smith; and as the Judge told you, I
11 represent the Trial Staff in this proceeding.

12 Just a quick description, the Trial Staff acts
13 independently from the Commission by conducting its own
14 investigation into the PECO rate request. We evaluate the
15 documentation put in by the company. We have our own
16 experts who do the analyses and prepare testimony for the
17 proceedings. We will make a separate recommendation to the
18 Administrative Law Judge in the proceedings.

19 As far as tonight goes, we are basically here to
20 listen to you. I would request that you give us your sworn
21 testimony, as it does carry a great deal more weight. There
22 is no problem with giving testimony. In fact, it is quite
23 welcomed by the Commission.

24 Trial Staff has in the past used different testimonies
25 from these proceedings in the preparation of their legal

1 briefs and their case to the Commission.

2 I would like to note that for any of you who have
3 service problems, we have here tonight from the Commission's
4 Bureau of Consumer Services Mr. George Dowd in the back,
5 the gentleman with his hand raised. If you do have any
6 problems with your metering or any kind of service complaints
7 or problems, please let us know. We will be here throughout
8 the proceedings.

9 Thank you.

10 JUDGE MATUSCHAK: Thank you..

11 We have from the Office of Consumer Advocate two
12 attorneys, David Wersan and Susan Weston.

13 Mr. Wersan, do you want to make a statement for the
14 Office of Consumer Advocate?

15 MR. WERSAN: Thank you, Your Honor. My name is
16 David Wersan. I am with the Office of the Consumer Advocate.
17 We are an independent state agency representing ratepayers
18 before the Public Utility Commission.

19 We have put on testimony in this case challenging
20 the company's 30 percent rate request. I think the two
21 most notable pieces that we put on challenge the company's
22 cost claim for the Limerick plant. Based on our testimony,
23 we believe that the request by the company for the cost of
24 the plant is overstated and that due to delays in the
25 construction of the plant, it cost more than it should have.

1 Secondly, we believe that the plant represents excess
2 capacity over and above that needed to provide reliable and
3 economic electricity to the ratepayers of the company.

4 If you have any questions that our office can help
5 you with, I will be here throughout the evening or I would
6 refer you to Mr. Dowd from the Public Utility Commission.

7 Thank you.

8 JUDGE MATUSCHAK: Thank you.

9 We have also with us Charles Rainey, Jr., Counsel for
10 the City of Philadelphia.

11 MR. RAINEY: Thank you, Your Honor. My name is
12 Charles Rainey, and I am representing the City of Philadelphia
13 in this particular case.

14 We have currently filed two pieces of testimony with
15 regard to the economic impact of the proposed rate increase.
16 I would like you to take this opportunity to express your
17 opinions on the record.

18 Thank you very much.

19 JUDGE MATUSCHAK: Thank you.

20 We also have with us John Hanger, who is representing
21 a number of consumer organizations, Attorney Hanger.

22 MR. HANGER: I represent Action Alliance of Senior
23 Citizens, ACORN, Consumers Education and Protective Associa-
24 tion, Philadelphia Citizens in Action, and an individual
25 complainant by the name of Mr. Bradshaw.

1 We are very much concerned about the impact of this
2 rate increase on low-income families, and we believe thousands
3 of people are going to be shut off if this increase is put
4 into effect.

5 Also at this time, based on what happened at the
6 afternoon meeting, my clients request a ruling from the
7 Chair that all members of the public who wish to testify
8 identify their place of employment. This would apply to
9 both PECO employees and other people who work in other
10 places.

11 Your Honor, we are very much concerned about what
12 happened in the afternoon. We believe PECO employees
13 created an intimidating atmosphere effectively denying a
14 number of people an opportunity to speak. Indeed, one speaker
15 was practically shouted down by some PECO employees who were
16 screaming that they were here on their "own time," quote,
17 unquote, and I think it is a disgrace.

18 I think there ought to be a ruling from you in this,
19 as Judge Turner has ruled in other cases -- notably, the
20 Limerick 2 investigation -- that all public testimony be
21 made by individuals who identify their place of employment.
22 I would ask for a formal ruling.

23 JUDGE MATUSCHAK: We will rule on that. If anybody
24 here is representing Philadelphia Electric Company in a
25 formal capacity, they may so state, but we are going to deny

1 the request. We want this to be as free and open as possible,
2 and we are not going to interfere with the citizenship rights
3 of any people here. We want them to be free to make their
4 expression.

5 As far as what happened this afternoon or yesterday,
6 we feel that there has been a little bit of that on both
7 sides, and we have made sure that the person who is speaking
8 was given an opportunity to represent his view. We ask all
9 the people, and we would ask you today, to let the speaker
10 express his views and comments without any objection. After
11 all, this is America. We want to keep it America and give
12 everybody a chance whether you agree with them or not.

13 As a further prelude, I want to say that the Commission
14 has provided these public input hearings for the purpose
15 of obtaining the public input, the input of the ratepayers.
16 They are very much concerned with the rates of this utility
17 and other utilities.

18 In that connection, of course, we will have to swear
19 you in so your comments become a part of the record in this
20 proceeding. And I want to assure you that your comments and
21 your expressions here are as much of the record as any of
22 the technical hearings that we have in this proceeding. So
23 I want you to be free to express your opinions, and I ask
24 others to extend to each one of you that same courtesy that
25 they would expect for themselves.

1 There is one other thing I would ask. I would ask
2 each one of you to be as brief as possible so that everybody
3 gets a chance and we get a chance to get out of here on time.
4 I'm not going to put any time limit on your expressions and
5 comments, but when we feel that you have amply expressed
6 your position, we will get up as a signal to you that we
7 request you to conclude as soon as possible.

8 Thank you.

9 First we will have Daniel Shutt. Is Daniel Shutt
10 here?

11 MR. DANIEL: Yes.

12 Whereupon,

13 DANIEL SHUTT

14 having been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 MR. SHUTT: Your Honor, Gentlemen of the Commission,
17 my name is Daniel Shutt and I work for Philadelphia Electric
18 Company.

19 I'm here this evening as a stockholder, and I urge
20 your support of granting PECO's rate request. Just as a
21 customer depends on a reliable source of energy, a stock-
22 holder of any utility depends on a reliable return on
23 his investment. Most investors do not buy a utility stock
24 for speculation or growth, but for income.

25 Many people, like my own parents, who are in their

1 80s, who had firsthand experience with the stock market
2 crash and the great depression in the 1930s, invested in
3 utilities because of their dependable income.

4 Due to state and federal regulations on utilities,
5 you didn't expect to make a fortune or tremendous profits
6 as you might get from stocks in computers, auto manufacturers,
7 oil industries, mining, et cetera, but you did depend on your
8 utilities to pay the rent and buy the food.

9 Now, as in the past, we are not talking about some
10 wealthy individuals making more wealth off the ratepayers.
11 There are over 300,000 owners of common stock in Philadelphia
12 Electric Company. This works out to an average of less than
13 600 shares per person. In addition, there are 45,000 owners
14 of preferred stock who own an average less than 200 shares
15 each.

16 Incidentally, I might mention the fact that
17 New Jersey, Pennsylvania and Maryland represents one-half
18 of the shareholders in the company; and if you include
19 Florida and California, which are ideal retirement spots,
20 you'll find it represents almost two-thirds of the stock-
21 holders in the company.

22 Unfortunately, the State of Pennsylvania is among
23 the few states that will not allow a utility to collect on a
24 new plant while it is under construction. This forces the
25 company to borrow money and pay interest, which in the

1 case of Limerick amounts to over a million dollars a day.
2 Obviously, paying as you go is more desirable and could save
3 the ratepayers billions of dollars.

4 In addition to urging the Commission to approve this
5 rate increase request, I ask that the Pennsylvania PUC also
6 take steps in the near future to change their policy on
7 funds for construction work in progress and save the rate-
8 payers in the future from billions of dollars of interest.

9 In conclusion, I request the Commission to consider
10 all aspects of this rate request in a reasonable and logical
11 manner putting emotion aside. The PUC has a tremendous
12 responsibility in considering the individual ratepayer, the
13 industrial and commercial user, the utility itself as a
14 viable company in this state, and the close to one-half
15 million owners of stocks and bonds in PECO.

16 I wish you well in your deliberations and depend on
17 you reaching a just decision in this case.

18 Thank you.

19 (Applause.)

20 JUDGE MATUSCHAK: Thank you.

21 Max Weiner?

22 VOICE: He's not here yet.

23 JUDGE MATUSCHAK: Charles Lauletta?
24
25

1 Whereupon,

2 CHARLES LAULETTA

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 MR. LAULETTA: Judge Matuschak, members of the panel,
6 good evening. My name is Charles Lauletta. I was born and
7 raised in the Philadelphia area and I am a current ratepayer
8 and customer of the Philadelphia Electric Company. I am
9 here tonight to urge the Pennsylvania Public Utility
10 Commission to approve the Philadelphia Electric Company's
11 proposed rate increase, and I offer the following to
12 support my position.

13 The Limerick Generating Station will enhance the avail-
14 ability and reliability of electrical service to our area,
15 adequate and reliable service that is not only necessary for
16 economic growth and development, but also as assurance to
17 Philadelphia Electric Company customers of continued and
18 future dependable service.

19 As a customer, I expect good service from PE and I
20 get it. I do not want this dependability jeopardized. There
21 is no viable alternative to Limerick.

22 The Philadelphia Electric Company's Limerick plant
23 has met all the regulatory requirements and has achieved
24 the requisite level of quality. This, in conjunction with
25 PECO's experience in the field of commercial nuclear power,

1 translates into a safe electric generating facility demon-
2 strating that PECO has met its obligation in a competent and
3 prudent manner.

4 Because PECO has competently met its obligations by
5 prudent planning, construction, testing and management of the
6 Limerick project, the proposed rate increase is justified.

7 As a ratepayer, I am willing to bear the reasonable
8 increased cost to assure safe, reliable and economical
9 service now and in the future.

10 Again, I urge the Pennsylvania Public Utility
11 Commission to approve the proposed rate increase.

12 Thank you.

13 (Applause.)

14 JUDGE MATUSCHAK: Thank you.

15 Lance Haver?

16 MR. HAVER: These people are going to be speaking
17 with me.

18 JUDGE MATUSCHAK: Give us each your names.

19 MS. DENNIS: Cathleen Dennis.

20 MS. HAWKCHIEF: Frainchecka Hawkchief.

21 Whereupon,

22 LANCE HAVER
23 CATHLEEN DENNIS
24 and
25 FRAINCHECKA HAWKCHIEF

having been duly sworn, testified as follows:

1 MR. HAVER: BY name is Lance Haver. I am the Executive
2 Director of CEPA, the Consumer Education and Protection
3 Association.

4 We are opposed to any increase in the electric rates.
5 We are sure that during the course of these hearings, it will
6 be proven that Philadelphia Electric, PECO, does not need
7 Limerick 1 on line and that the decision to begin construc-
8 tion and to complete construction was completely self-serving.
9 At every juncture and with all possible decisions, they chose
10 their interests over those of the ratepayers.

11 Instead of providing the electricity at the lowest
12 possible cost, they have tried to increase their capital
13 methods as much as possible in order to increase their
14 profits.

15 It will also be proven that thousands of jobs will
16 be lost and that thousands of consumers will suffer. All
17 so often we lose sight of the human suffering, the heat and
18 light shut-off, the jobs lost, that is caused by these
19 enormous rate increases.

20 The statistics and numbers that are quoted in these
21 rate hearings cannot describe what it is like to freeze in
22 the winter because you cannot pay a heating bill. Numbers
23 cannot convey the horror that poor and working people live
24 with as they realize that they cannot pay for the very basic
25 necessities of life. Nor can numbers explain what it is

1 like for the disabled and the elderly to fall further and
2 further behind in their bills until they realize that they
3 must give up their homes and await poverty, illness and
4 death.

5 I have with me tonight two CEPA members who can
6 illustrate these facts. Miss Frainchecka Hawkchief, is a native
7 American, who is a hard working woman, who struggled and
8 paid off her mortgage before she became ill in 1977. At
9 that time, she was working for Sun Ship and was forced to
10 leave after an accident and after being diagnosed as having
11 asbestosis and sandblasting grits in her lungs. She has
12 been fighting for compensation, but suffered a major setback
13 when she suffered a stroke in 1981. It is only recently
14 that she has been able to continue her fight.

15 As of right now, she is living on her DPA income
16 of \$186 a month, plus \$80 worth of food stamps. Last year
17 she was refused an energy assistance grant because the money
18 in the program ran out. Out of this small income, she must
19 pay her monthly expenses; \$65 for gas, \$30 for electric,
20 \$25 for phone, \$17 for water, \$21 for property tax, and
21 \$11 for fire insurance. Her expenses total \$169. And
22 assuming that she can buy enough food for the month with her
23 \$80 of food stamps, it leaves her \$17 a month for soap,
24 clothes and transportation to and from the doctor.

25 Clearly, she does not have enough now. But if the

1 rate increase were to go through, she would have to give up
2 her home, and she would then have no place to live.

3 Also here is Miss Dennis. She is in a similar
4 situation. She worked for 30 years at the Union League, a
5 wealthy, private club. She was forced to retire after she
6 underwent the radical mastectomy. Her income from Social
7 Security is \$286 a month. Her monthly pension is \$52.70
8 a month. She also receives \$60 worth of food stamps. Out
9 of that she must pay each month \$88 for the mortgage, \$51
10 to repay a loan that she took out after she was forced out
11 of the Union League but before she started to receive
12 Social Security and her pension, \$138 for a car loan, \$80
13 for her gas bill, \$35 for her electric bill, \$18 for her
14 water bill, \$17 for phone, and \$18 for house insurance.

15 You can see that her income does not cover her bills
16 Every month she is being forced to take at least \$110 a month
17 out of her savings. Most months she is forced to take out
18 more because she needs money for personal items; soap,
19 clothes, transportation, and medical expenses.

20 She is at the point now where she must give up her
21 car, but even then she will only have \$30 left over after
22 her expenses. Clearly, not enough. It will only be a matter
23 of time before she, too, will be forced to give up her home
24 unless something is done.

25 What does PECO and the PUC have to say to these two

1 women and the tens of thousands like them who through no
2 fault of their own cannot keep up? Do we tell them, "Thank
3 you for your years of hard work, for supporting our schools
4 and government through your tax dollars, thank you for help-
5 ing to pay for the roads, generating plants and lines that
6 bring electricity into our homes, but now that you are no
7 longer able to keep up, you must suffer and die in poverty"?
8 That is a real decision that the PUC must make.

9 Are we a society of animals who kill those who can
10 no longer fend for themselves? We don't believe so.

11 We urge the Commission to reject this rate increase
12 and to establish rates so that every consumer can afford
13 heat and lights in their home.

14 Thank you.

15 (Applause.)

16 MS. HAWKCHIEF: My name is Frainchecka Hawkchief.
17 Everything he told you is wrong. I got an increase in my gas,
18 my electric; I'm paying two phone bills. I pay \$22.56 to
19 AT&T for rental. Most of you already here know that.

20 To the gentleman who is a stockholder, it's nice to
21 know that you have a comfortable living, that you can afford
22 to put stock in the electric or any other utility company.
23 I'm not so fortunate that I can put stock anywhere. You
24 are truly taking from the needy and giving to the greedy.
25 Let me put it that way.

1 I'm a native American. We're used to having things
2 ripped off, the country's natural resources. The Asian
3 imports, Cambodians, Vietnamese, Hispanics, Mexicans,
4 Chinese, they come in our country and get our Social Security
5 while we work. I'm not a loafer. I was insulted to take
6 DPA. I refused it for three months, living on the hand-outs
7 of family members and friends. But being a consumer, I, too,
8 was paying taxes; welfare, social security, city, state,
9 federal, union dues; and, unfortunately, unemployment comp
10 came out of me. So I've paid my tax. I'm not too embarrassed
11 to accept the DPA until they straighten out my SSI. Okay?

12 Now, I am suffering from asbestosis. I have sand-
13 blasting grits on my lungs. I'm very familiar with nuclear.
14 I worked at Sun Ship as a first class helper and a first
15 class grinder. I have worked on nuclear shields for nuclear
16 reactors. I have worked with various generators. So I'm
17 not completely ignorant of nuclear power.

18 It's true; I give you credit; we need the electric,
19 which is called power, but we have proven that PECO does not
20 really need this extra unit. We know it has its advantages,
21 but we cannot afford it. So why should you want to over-tax
22 the needy to give to your rich stockholders. You have a right
23 to get something in exchange, but give us all a chance to
24 live. Don't deny me my chance to live because you want to
25 make a profit as a stockholder. Give me a chance to survive.

1 Finally, PUC, to the Judge, with respect to the
2 Commission, the gas company, the church officials, the
3 different consumer groups and visitors, I will give you
4 respect. We know that you want to increase your power, but
5 you have power. It is not a complete necessity that you
6 can't operate without it. Please consider, when you
7 consider these rates, people like myself, senior citizens
8 of all races, let me live before we die, please.

9 PUC stands for the Public Utility Commission. Please,
10 Commissioner, all you gentlemen, serve the public for a
11 change.

12 Thank you.

13 (Applause.)

14 MS. DENNIS: I can only add a few words to everything
15 that has been said. When I was working, I was living with
16 a limited option, but when you're not working you have
17 no option. Either you do or you don't.

18 I would appreciate it very much if you would give
19 up this idea of going up on the electric, because if you keep
20 going up, my theme song will be, "It's Better to Light
21 Another Candle."

22 (Applause.)

23 JUDGE MATUSCHAK: Thank you.

24 Next we will hear from Franklin Pennell.
25

1 Whereupon,

2 FRANKLIN H. PENNELL, JR.

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 MR. PENNELL: Your Honor, members of the PUC staff,
6 honored guests and fellow citizens, my name is Franklin
7 Pennell. I have lived in the Philadelphia Electric Company
8 service area my entire life except for the two years spent
9 on active duty with the Armed Forces. I am a Registered
10 Professional Engineer and have a Master's Degree in Industrial
11 Management from the University of Pennsylvania. Thank you
12 for the opportunity to present my testimony.

13 Winston Churchill was known to remark that "Democracy
14 is just about the worst form of government there is, except
15 for all those others that are tried from time to time." By
16 this he meant that with all its muddlings and frustrations
17 and apparent inefficiencies, when compared to a dictatorship,
18 democracy is still by far the best form of government and
19 the only one that can endure over a long period of time.

20 I'm sure that we would all agree with him. But there
21 is one great frustration, one great flaw in democracy. It's
22 known as the fallacy of composition. Democracy assumes
23 that what is best for the individual is collectively the
24 best for the country. Or, put another way, if everyone votes
25 for what he or she wants, the result will be in the best

1 interest of the country. Fortunately, this is usually
2 true, but not always.

3 Abraham Lincoln implied that "Democracy is the
4 suspicion that more than half the people are right more
5 than half the time," but not every time.

6 If all the voters in the country were to vote to
7 reduce taxes to zero, there would be no funding for social
8 services or for any other programs to promote the general
9 welfare. Fortunately, this has never happened.

10 If all the voters in an area were to vote to reduce
11 electric rates to zero, and this could be enacted, there
12 would be no electric power produced.

13 Likewise, if all the voters in our area were to vote
14 down a rate increase for a new power plant, there would be
15 no reliable electric supply for the future.

16 Look at it this way: not paying a grocery bill is
17 definitely not the way to ensure a future supply of
18 groceries.

19 Limerick 1 has been built legally and with the PUC's
20 approval. It is both used and useful. Now it is the time
21 to pay for it under the laws of Pennsylvania, the only
22 way it can be paid for.

23 Voting for no rate increase may appear to be in the
24 best interest, individually, for each citizen of Pennsylvania,
25 at least in the short run, but in the long run it will not

1 be the best way for all of us collectively. The result will
2 be either an insufficient electric supply or far more expen-
3 sive electricity or, more probably, both.

4 The rate structure in Pennsylvania allows a utility
5 to collect for money spent to build power plants only after
6 the plant is in service. That's why the rates go up in a
7 large jump causing rate shock. This is simply a catch-up
8 for all the years when the inflation of electric rates have
9 been far below the inflation rates of nearly everything else.

10 When I was a child, a newspaper cost three cents.
11 Now it is 35 cents. Gasoline was less than a quarter a
12 gallon. Now it is more than a dollar a gallon. I could go
13 on and on with many example, but, as you know, most products
14 have increased in the last 40 years by 5 to 15 times or
15 500 to 1,500 percent. During that time, electric rates
16 have little more than doubled.

17 The only item I can think of that has increased less
18 than the electric rates are another utility service, the
19 telephone rates. They had actually decreased until recently
20 when the government changed the rules on them, and look
21 what resulted. The rates went up, way up.

22 Both PECO and the phone company have been accused of
23 being monopolies. Their being monopolies is the one reason
24 why the rates for both telephone service and electrical
25 service have stayed way behind the inflation rates.

1 Much of the criticism of the pending rate increase
2 seems to be of the nature that PECO was unable to predict the
3 future electrical needs of customers with 100 percent
4 accuracy. Remember, PECO cannot control customer demand
5 or usage of electricity any more than the U.S. Weather
6 Bureau can control the weather.

7 PECO's System Planning Division makes every study
8 humanly possible to predict customer demand, but has no
9 crystal ball to ensure 100 percent accuracy. But the Weather
10 Bureau is perhaps a good analogy. The Weather Bureau
11 predicts the weather about three days in advance with about
12 67 percent accuracy; that is, they are correct in their
13 forecast about two-thirds of the time. PECO is expected
14 to predict future load requirements 15 to 20 years in advance
15 and be correct 100 percent of the time. Clearly, it is an
16 impossible task.

17 Limerick 1 is needed not only for load growth,
18 but also to replace old, inefficient generating equipment
19 that burns expensive, low-sulphur oil. Many of PECO's power
20 plants were built to burn coal, but the Environmental
21 Protection Agency won't allow them to burn coal within the
22 city limits of Philadelphia anymore in order not to pollute
23 the environment. Coal burning contributes to polluting the
24 air we breathe and may contribute to acid rain.

25 Furthermore, these old stations are like 17-year-old

1 cars. They can be kept running, but they need to be
2 repaired again and again, and repairs become expensive.
3 Also, their gas mileage or efficiency is nowhere near as
4 good as it once was; that is, they are now more costly to
5 run, plus the fact that they're burning expensive, low-sulphur
6 oil.

7 Some of these, together with expensive-to-operate
8 gas turbine generators, which also burn low-sulphur oil,
9 are being retired now that Limerick 1 is generating electri-
10 city.

11 The reason that nuclear plants such as Limerick are
12 built is to relieve dependence upon environmentally-
13 polluting coal plants and expensive-to-operate oil plants.

14 Some critics think that the stockholders should
15 somehow pay for the plant in lieu of a rate increase. This
16 is ridiculous. Stockholders are legally and actually the
17 owners of PECO, but practically speaking, they are financiers
18 or money-lenders. They lend PECO money by buying stock.

19 PECO uses its return or profit solely to pay the
20 stockholders rent for the use of their money. This rental
21 fee is called a dividend. If PECO doesn't pay dividends,
22 the next time they try to raise money by issuing stock, no
23 one will buy it, or PECO will have to discount the stock,
24 which means paying a higher rental fee, which ultimately
25 must be paid for by the customers.

1 JUDGE MATUSCHAK: Will you try to conclude your
2 comments, sir?

3 MR. PENNELL: Yes, sir. The rules of ratemaking in
4 Pennsylvania are not PECO's rules. That is, PECO's doesn't
5 make the rules; PECO must follow the rules.

6 Not putting construction work in progress into the
7 rate base until the plant is finished is what makes for rate
8 shock or the big jump in rates when a plant goes on line.

9 Inability to pay for the use of electricity
10 unfortunately has nothing to do with what it costs PECO
11 to make it. If people cannot afford food, the farmer or
12 grocer is not expected to give it to them. If people cannot
13 afford fuel oil, the oil companies are not expected to give
14 it to them. But if people cannot afford electricity, some
15 seem to feel that PECO should give it to them.

16 Perhaps the state should issue energy stamps or other
17 forms of assistance, but it is against the law for PECO to
18 charge individuals different rates for the same service.
19 This would be discrimination. But PECO does have eight
20 different programs to assist customers in paying bills.

21 PECO's obligation as an electric public utility is
22 to plan and to build power plants to ensure a reliable
23 electric supply for the future. No matter what kind of
24 plants are built and no matter who builds them, they cannot
25 be built for free. I'm in favor of a full rate increase.

1 Thank you for your attention.

2 JUDGE MATUSCHAK: Thank you.

3 (Applause.)

4 JUDGE MATUSCHAK: We want to recognize a former
5 Public Utility Commissioner in our audience here, Mr.
6 Ex-Commissioner Johnson. We will hear from you, Mr.
7 Johnson.

8 (Applause.)

9 Whereupon,

10 MICHAEL JOHNSON

11 having been duly sworn, testified as follows:

12 . DIRECT TESTIMONY

13 MR. JOHNSON: Greetings, Judge Matuschak and old
14 friends. I have attended hundreds of meetings over the past
15 ten years when I was a member of the Commission all over
16 the state, and I have watched the anger of the people grow.
17 I have watched the anger of the people grow as their
18 resources shrink in the face of increased demands upon their
19 resources for the necessities of life. I found it to be
20 a very difficult thing to observe. Now I find that I, myself,
21 am part of that parade.

22 I am retired. I have no dividends. I have my
23 Social Security and a \$600 pension from the Commonwealth of
24 Pennsylvania, and that is it, but I am much better off than
25 most other people, of that I am certain.

1 They have not had an opportunity for the extended
2 employment that was mine, They did not have an opportunity
3 for education and training such I did have, and I benefited
4 by those opportunities.

5 We have too many people in this country who are
6 declassified, They are without a classification. And when
7 the winds blow hard and the trees lose their leaves, many
8 of them fall like the leaves in the fall and winter of the
9 year. These people who are the declassified, the unclassified,
10 without training, without an opportunity to be trained,
11 face a society that says to them: You have to learn how
12 to make it for less.

13 I heard a president of a Kiwanis Club say that "People
14 of that community just have to learn to make it on less. We
15 have to tighten our belts." For me, that will be a joy,
16 because I've lost 40 pounds and I'm after 30 pounds more
17 With a lot of other people, their bellybuttons are rubbing
18 against their backs.

19 I am here, Judge, because I want to exercise the
20 freedom that we always gave to those who came to express
21 themselves, and I want to ask for that same freedom for
22 myself.

23 We are living in a society and at a time when the
24 rich are getting richer and the poor have no other way but
25 to get poorer. The cards are stacked against us.

1 For myself, I'm lucky. I'll be 76. There aren't
2 too many people in this room who are older than that, and
3 I feel pretty well, but I'm a lucky man. But at best, I've
4 got five years, maybe ten years, and my infamous guarantee
5 through Social Security.

6 I was one of the very first in the United States to
7 contribute to that system. I helped to create it, together
8 with F.D.R. It didn't just come from God. There are many
9 of us that had to fight to create that system. I'm going
10 to benefit from it now for the next few years, and I don't
11 require much.

12 I have been to a great many places. My experience in
13 life has been broad. I've met a lot of people and partici-
14 pated in many battles on behalf of the people. I've lived
15 a full life, a rich one; not in terms of dollars, but in
16 terms of satisfaction. I only pray that God gives me just
17 enough time and enough strength so that I can pay back some
18 of the good things that I reaped in my lifetime and help
19 those who are less unfortunate than I am to get some measure
20 of the good life that all of us are ostensibly supposed to
21 get.

22 But I came here tonight on a very specific complaint,
23 Judge. Your Honor, I have come to plead with you, and you
24 particularly, Joe, if I may call you so, because I've known
25 you many years -- I've known you my lifetime practically, and

1 I've watched you work and work hard. I don't like to see
2 you being sucked in and taken advantage of like so many others
3 of us. I presume this gentleman is from PECO.

4 MR. LONGWELL: I'm from Commissioner Fischl's staff.

5 MR. JOHNSON: Is there nobody here from PECO?

6 MR. JARRETT: Right over here.

7 MR. JOHNSON: I'm not talking about the fellows who
8 work for the company; I'm talking about the big shots over
9 here. You are not responsible, gentlemen, for the kind of
10 things that I am going to complain about, because you wouldn't
11 want these things to continue. You are married; you have
12 children. You want them protected, I'm sure.

13 Now, the law is the law, and we are a country of
14 laws and not men. That's what I've always been taught.
15 So the law must predominate; not the will of the man, but
16 the intent of the law.

17 Sometimes the intent of the law gets separated from
18 its basic purpose. The law, as I've known it to be, as I've
19 studied it, as I've heard the philosophers talk about it,
20 eminent jurists talk about the law, the law basically exists
21 to protect all people within that system, within that country.
22 I think that's fair.

23 I am for protecting Limerick. I am for protecting
24 PECO. I am for protecting Bell Telephone Company. And let
25 me tell you, some of you people who know me who scream about

1 Bell Tel, so far -- and how long it will last, I don't know --
2 the best utility bargain we get is from Bell Telephone.
3 Compare it to everything else that you pay, or how long it
4 will be that way, I don't know, because they are going off
5 on a tangent now that frightens me.

6 This amazing tale begins about eight years ago. Not
7 that all of the PECO officers are not amazing, not that
8 PECO affairs are not amazing; they are. It's just that this
9 little piece of the story had its beginnings insofar as the
10 PUC records are concerned before 1980. I participated in
11 Limerick, and Joe Matuschak did, too. I had to vote on
12 Joe Matuschak's recommendations to us.

13 I want to tell my friends and particularly those
14 from PECO -- maybe I should be ashamed of it and maybe I
15 should regret it, but I don't. Something went wrong, but
16 it wasn't my fault. A group of men came to me when I was
17 Executive Vice-President of the Pennsylvania AFL-CIO, a
18 trade union, building tradesmen, businessmen, all others
19 in a community, and they said to me, "You know Milt Shapp
20 very well," and indeed I did, because I helped to elect that
21 guy, helped to elect him twice. If he were younger and
22 running again, I'd vote for him the third time. But they
23 said, "You know him," and I said, "I do."

24 They said, "You can interpret to him; he'll listen
25 to you. He looks upon us as an angry group of people." And

1 they were angry. They were frustrated, and they were right.
2 They were being shoved around by all of the plutocrats and
3 all of the buneaucrats and all of the people in our society
4 who get to be Commissioners; that is, who work for free,
5 you know. They are the worse kind, you know. They work for
6 free and they think it's their job.

7 One committee wouldn't permit a little bridge to be
8 built that was necessary if we were going to enjoy power
9 from that particular station. Others stood in the way in
10 other respects. And if it wasn't one ecological thing, it
11 was another.

12 I tell you with some pride, even though I'm not happy
13 with the result, that the Limerick could have built and in
14 operation now in the way it was promised to us if it had
15 not been for these bureaucrats who threw one stumbling block
16 after another and have done it for years.

17 (Applause.)

18 MR. JOHNSON: You won't want to applaud me later;
19 believe me.

20 VOICE: It has been 15 minutes. We are all
21 waiting to speak.

22 MR. JOHNSON: I waited ten years, and I'm going to have
23 my say tonight.

24 MR. LAULETTA: Is that so, Your Honor? Is this
25 relevant to this rate case?

1 MR. JOHNSON: It's relevant to the rate case,
2 JUDGE MATUSCHAK: Let's have some order here.
3 Continue, Mr. Johnson.

4 MR. JOHNSON: We got approval for many of these
5 things and the project was to begin. Before I knew it, I
6 was a member of that Commission. And year after year,
7 there were all kinds of holdups, and there were three
8 consecutive interruptions all caused by the company, by
9 decisions made by the company, five-and-a-half years. Two
10 of those years, the capital cost of two of those years, in
11 accordance with evidence in the rate case at the time, the
12 testimony of Mr. Joseph Paquette -- I think he is the
13 financial officer of the company -- he agreed that
14 Mr. Colodner's figures were correct -- the cost of that
15 delay added \$1,600,000,000 over the useful life of the
16 facility, 25 years, on top of all of the other expenses. That
17 was wrong. There were two others, and what they amounted
18 to, God only knows. Somebody is afraid to tell us, but it's
19 horrendous. It will make everything we're talking about now
20 look sick.

21 (Commissioner Shane and Mr. Johnson confer.)

22 MR. JOHNSON: I just had a bargaining session with
23 the Commissioner. He wanted four minutes; I'll take eight.
24 There were a series of rate cases culminating with
25 this one here, Joe, which you are presiding over. You

1 presided over one in --

2 JUDGE MATUSCHAK: 1978.

3 MR. JOHNSON: You presided over the one in 1981.

4 JUDGE MATUSCHAK: I didn't have that one.

5 MR. JOHNSON: You didn't have that one? Just '78?
6 And not since then?

7 JUDGE MATUSCHAK: No.

8 MR. JOHNSON: Well, the '78 case has a very long
9 chapter. In any event, to bring this down to where we can
10 all understand this, the company has offered a settlement,
11 so I understand -- it may be wrong -- but I have been told
12 that the company has offered a settlement. Staff has agreed
13 to it. The OCA is looking on and not saying anything. But
14 the settlement was given to the Trial Judge, Judge Turner.
15 She has that settlement.

16 What is that settlement about? It is not about the
17 total case, but about a very small portion of the case. You
18 see, there is a thing called Pioneer Uranium. This was a mine
19 which the company started in partnership with Kerr-McGee of
20 the Silkwood fame, you know, and that was going to be a very
21 cheap source of fuel.

22 Now, that is always a matter of great interest to the
23 Commission, because I know that all of the time that I was
24 there, we controlled the utilities to try to get the most
25 for the least, the least cost, and this was supposed to be

1 that sort of a thing.

2 In 1980, the company was turned down, which requested
3 to put that into the rate base. It wasn't operating. It
4 wasn't mining. The Commission at that time felt that this
5 wasn't a fair thing to do; come back next year.

6 They came back the following year in 1981; and in
7 1981, they asked that the costs of that mine be put into
8 the rate base so that they could realize some revenues from
9 that investment. That one was approved over the objections
10 of OCA and the Staff. But it was OCA that took that to
11 court, Commonwealth Court, which upheld the Commission, and
12 then later to the Supreme Court, which also upheld the
13 Commission. But the date of that decision was April 1985,
14 just about nine months ago.

15 The court said that fuel is not the same as a facility
16 and therefore it is not covered by the doctrine of used and
17 useful in order to be included in the cost.

18 For four years, the company had collected on this,
19 but we found out -- and this was right before I left the
20 Commission, Joe, -- I moved that we investigate this entire
21 matter, and we found when it was investigated by our Law
22 Bureau that these mines were never in operation. As a matter
23 of fact, even before they asked to have them included the
24 first time, a division of the company had decided to
25 abandon that mine and they parted company with Kerr-McGee.

1 Yet, here it is in the rate base.

2 Now, you asked me to take an oath and I did, and
3 Mr. Everett took an oath when he signed that rate case,
4 when he filed it. He takes an oath every time he signs one
5 of those things.

6 Well, because fuel is not supposed to be part of the
7 facility, it is not amenable to the used and useful. But
8 how about the proposition -- and I'm deadly serious -- how
9 about the proposition that the company should have the right
10 to collect on a proposition that it does never intend to
11 carry through? How about the proposition that they should
12 collect revenues on fuel that is not being mined?

13 The only evidence of the Pioneer Uranium establish-
14 ment -- they demolished everything -- are the scarred bones of birds
15 and livestock that we wiped out by radiation. Otherwise,
16 you'd never know that there was anything there.

17 Now, this case is before us now, Judge, and again
18 indicates there are requests that we approve again, as we
19 did last year and the year before --

20 VOICE: Twenty-seven minutes.

21 MR. JOHNSON: Let me finish this.

22 VOICE: It's unreasonable.

23 VOICE: Let him finish. We would like to hear him.

24 MR. JOHNSON: I will only be a few more minutes.

25 This is an abuse, I understand, and I apologize for it. This

1 is the first time in ten years that I've had a chance to
2 speak, so I overdo it, and I'm sorry. But you should know
3 about this, because you will never have any other way of
4 knowing this.

5 (Applause.)

6 MR. JOHNSON: There is a mine called the Lee Mines
7 and there is another whose name escapes me. They are both
8 in the rate case. One is absolutely not working. It's like
9 on a standby. Yet, it's in the rate base. The other produces
10 modestly. The fuel is of too low a grade for it to be used,
11 and that, too, is in the rate base.

12 Now, I want to ask all of you a question and then
13 I'm done. And, Bill, the question will remain with you,
14 Bill Shane.

15 Because the law says what it does, should the people
16 yield to Philadelphia Electric the right to impose upon all of
17 the customers the cost of running non-existent mines?

18 (Chorus of noes.)

19 (Applause.)

20 MR. JOHNSON: But they didn't say that that is what
21 they wanted to do. They said: these mines are running,
22 and that's what they signed their names to.

23 Frankly, the total cost is less than two-thirds of
24 one percent of everything that is being asked for by PECO.
25 But there is something more important; the credibility of

1 the company. They signed their name under oath. We should
2 feel that we have a right to believe that that's true, because
3 all of us are expected to perform the same way.

4 I came tonight to plead -- and I can promise you,
5 Judge, and promise you, Commissioner Shane, and you can tell
6 Commissioner Fischl, that if we don't get justice in this
7 case on these ghost -- these phantom mines, which the people
8 are paying for, out of which there is no production, then
9 the law will be changed to make that impossible. That's the
10 main thing that I came to talk about tonight.

11 The people have a right to the truth. They have to
12 be able to believe what Lee Everett said. I know that we
13 are asked to believe him. I know that you administered the
14 oath to him.

15 Where did I get this information? From what Lee
16 Everett put into the rate case. This is from the rate
17 filing, and he swore to every one of those. You administered
18 the oath.

19 I want to apologize, ladies and gentlemen, my good
20 friends, and those that don't think I'm so hot -- that's
21 all right -- I want to apologize to all of you. I took too
22 much time. The next time I'll come and sit here and won't
23 say a word. God bless all of you.

24 JUDGE MATUSCHAK: Thank you.

25 (Applause.)

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JUDGE MATUSCHAK: Next we'll hear from Dallas Scott.

(No response.)

JUDGE MATUSCHAK: Denise Thomas.

Whereupon,

DENISE THOMAS

having been duly sworn, testified as follows:

MS. THOMAS: My name is Denise Thomas. I pay the ever-rising electric bill for my house located in Philadelphia.

Most of my electric bill goes to running a very inefficient frost-free refrigerator provided by my landlord.

I don't need to repeat the findings of the studies which show the devastating effect of PECO's requested rate increase on Philadelphia, the City budget, and the Delaware Valley in general.

Personally, I do not want to pay for, nor do I want to support in any way, PECO's follies and errors at Limerick.

I am also particularly concerned that PECO has not put more of an effort into effectively furthering regional and household energy conservation.

It may be one thing not to be able to control electric usage, but PECO could help make that usage more efficient.

1 company wants to raise the cost to 13 cents per kilowatt-
 2 hour, an increase of about 28 percent, or \$20 a month,
 3 \$240 a year, for me.

4 They claim they need the money because they are
 5 bringing Limerick Unit No. 1, a big, new, modern, nuclear
 6 plant, on line.

7 A few blocks from CEPA's office, at Broad and
 8 Stenton Avenue, there are three gas stations. If one sta-
 9 tion suddenly increased its price per gallon by 28 cents,
 10 the typical consumer would buy from the other two stations.
 11 The higher-priced station would soon go out of business.

12 But because we have no choice when we buy electric-
 13 ity, because we must buy from only one company, which has
 14 a monopoly granted by the state, we are to be forced to
 15 pay 28 percent more for the same energy for which we were
 16 paying 28 percent less.

17 PECO says consumers must pay that higher price be-
 18 cause it is running out of generating capacity which pro-
 19 duced electricity at the old price, but, at the same time,
 20 we see them closing down some of the so-called "old-
 21 fashioned" plants.

22 A coal-fired plant costs much less than a nuclear
 23 plant. Predictions that we will run out of oil may or may
 24 not come true, but in the meantime, with the cost of oil
 25 now cut in half and dropping -- the Oil Minister of Kuwait

1 thinks prices could fall to as low as \$10 per barrel by
2 spring -- even an oil-fired plant would cost less than a
3 nuclear plant.

4 (Applause.)

5 MR. WEINER: It seems that they are creating an
6 artificial shortage in order to justify their arguments
7 that they need more capacity.

8 If we should ask why new plants weren't built in
9 order to produce electricity in the "old-fashioned" way at
10 the cheaper price, we are told that they made the decision
11 that they thought was best for us, and even though their
12 decision turned out to be wrong, we, not they, must pay for
13 the error in judgment.

14 I do not think this is fair. The least that should
15 be done is to make PECO supply us with electricity at the
16 same average cost as we have been paying.

17 Consumers remember when the government and utility
18 companies first talked about nuclear power and said that
19 it would be too cheap to meter. It turns out they were
20 mistaken.

21 Every time another nuclear plant was built, our
22 rates kept going up instead of going down.

23 We know it is too late now to hold PECO to the
24 promise of nuclear power too cheap to meter, but at least
25 PECO should provide electricity at the same average cost

j5

1 of the system prior to bringing Limerick Unit No. 1 on line.

2 (Applause.)

3 MR. WEINER: As consumers, we understand that PECO
4 will try to force its rates up to earn more profit, to pay
5 its stockholders more dividends, to force consumers to pay
6 for the company's mistakes in judgment, in wasteful con-
7 struction costs, to get the money to push ahead to complete
8 another unnecessary nuclear plant.

9 But as consumers, we can rely only upon the Public
10 Utility Commission to protect the consumers' interests.

11 If PECO gets this outrageous and unnecessary in-
12 crease, consumers will not only blame the company, but
13 will blame the PUC for letting them get away with it.

14 (Applause.)

15 MR. WEINER: In August 1973, CEPA conducted the
16 first demonstration in the Delaware Valley, expressing the
17 consumers' opposition to the building of any nuclear plants.

18 The occasion was a hearing conducted by Herbert
19 Denenberg, then State Insurance Commissioner, on the danger
20 of nuclear accidents.

21 CEPA said at that time that the best way to prevent
22 nuclear accidents was not to build nuclear plants.

23 In the early days, consumers were intensely con-
24 cerned with the issue of the safety of nuclear plants.

25 After the near catastrophe at Three Mile Island in 1979,

1 no nuclear plants were built, no nuclear plants were begun
 2 and many under construction were abandoned, partly as a
 3 result of a concern for safety and partly as a result of
 4 the escalating costs of construction, which rendered
 5 nuclear power uneconomical.

6 Suddenly, again, the issue of the safety of nuclear
 7 plants has come to the forefront of consumers' concerns.
 8 The terrible tragedy of the Space Shuttle Challenger has
 9 compelled us to recall and repeat what we said before,
 10 that the safety of a nuclear plant cannot be guaranteed.

11 (Applause.)

12 MR. WEINER: We were assured that space travel is
 13 perfectly safe; civilians can now ride in space without
 14 any fear; the components of a space shuttle are built in
 15 such a way that nothing can possibly go wrong. But some-
 16 thing went wrong. In a twinkling of an eye, a \$2 billion
 17 shuttle exploded and seven heroic men and women were
 18 obliterated.

19 We are given the same assurances as far as nuclear
 20 plants. Nothing can possibly go wrong.

21 Andrew Cassel, writing in the "Philadelphia
 22 Inquirer" the day before yesterday, reminds us, "The simple
 23 truth is that complicated systems are prone to error; that
 24 the more safeguards and backups that are added, the more
 25 likely they are to fail in unpredictable ways."

1 (Applause.)

2 MR. WEINER: In 1984, a disaster that could not
3 possibly happen, did happen in Bhopal, India, killing 2,000
4 people and injuring tens of thousands more.

5 In this morning's news we read of the 12-alarm fire
6 at a "perfectly safe" TRW plant that caused a "State of
7 Emergency," making thousands of people in Harrisburg fear
8 for their lives because of toxic emissions.

9 Will it take a total explosion, a horrible disaster,
10 one that we have been assured over and over again can never
11 happen, to convince our decision-makers that nuclear power
12 is inherently unsafe?

13 The consequences of an explosion of a nuclear plant
14 would be a hundred thousand times more disastrous than
15 Bhopal, a TRW plant, Three Mile Island, the Titanic or the
16 terrible explosion of the Challenger which shocked the
17 nation and the world.

18 When the biblical King Belshazzar ignored the hand-
19 writing on the wall, he was killed and his kingdom des-
20 troyed. If we ignore Challenger's flaming message in the
21 sky, we, too, face possible destruction.

22 No matter how they try, no matter how many safe-
23 guards they build in, how strong the assurances are that
24 nothing can possibly go wrong, someday, in some plant some-
25 where, the inevitable fearful accident will occur.

1 Consumers were not consulted when the decision was
2 made to build the Limerick nuclear plants. We don't need
3 those plants. We don't want those plants. We cannot
4 afford to pay for the extra high cost of nuclear plants.

5 But consumers are not only concerned with rising
6 utility rates, we are concerned with our health, our lives,
7 our survival and the well-being of our loved ones.

8 To our opposition to this latest rate increase,
9 which we consider unjust, unnecessary and unwarranted, we
10 must add an additional demand: curb the nuclear plants and
11 eventually phase them out of existence. Intensify the
12 search for safe, reliable, alternative sources of energy,
13 including the best and cheapest alternative, an aggressive
14 conservation program for the benefit of the people.

15 Thank you.

16 (Applause.)

17 JUDGE MATUSCHAK: Thank you.

18 COMMISSIONER SHANE: Ladies and Gentlemen, I would
19 just like to point out that my home is Indiana, Pennsyl-
20 vania, which is 250 miles west of here. We have three
21 power plants there fueled by coal. Philadelphia Electric
22 participates in those three power plants. We generate
23 5,000 megawatts of electricity, which is the equivalent of
24 five Limerick plants.

25 We burn 16 million tons of coal to produce that

1 electricity, and that is 25 percent of all the coal burned
2 in Pennsylvania, with 4,000 coal miners.

3 Last spring at the Greenwich Collieries Mine, which
4 is a captive mine of the Pennsylvania Power and Light
5 Company -- at that time it was; they have since gotten rid
6 of it. At that time Greenwich Collieries was owned by
7 Pennsylvania Power and Light -- three coal miners were
8 killed mining the coal to generate the electricity which
9 is sent down here to you folks in the east.

10 And on August 13, 1985, I visited the Homer City
11 Coal Mine in Homer City, Pennsylvania, five miles south of
12 Indiana, Pennsylvania, to examine the long-wall mining
13 technique, along with some staff persons from the PUC.

14 Two days later there was a roof collapse at pre-
15 cisely the place we were examining. Probably, some of you
16 folks here would think, "Too bad it wasn't two days
17 earlier," but we'll pass over that.

18 The point is, that was a \$2.5 million roof cave-in.

19 The point I would like to communicate to you is, I
20 used to work at the University of Pennsylvania back in
21 1967, and Philadelphia Electric had an ad in the "Philadel-
22 phia Bulletin" which said: We're doing something about
23 pollution with these coal plants. We're building our coal
24 plants up in Indiana County, Pennsylvania.

25 That's what they said back in 1967. They had nice,

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full-page ads in the "Philadelphia Bulletin."

I want you to know that we are happy to have those coal mines there because it keeps 4,000 coal miners employed.

But I would also like you to know, Ladies and Gentlemen, that two or three coal miners in my home county are killed every year to give you electricity.

(Applause.)

JUDGE MATUSCHAK: Thank you, Commissioner Shane.

It is a fact of life, of course; we face risks every day in every endeavor.

Next I will call on Ashley Hulsey.

Whereupon,

ASHLEY HULSEY

having been duly sworn, testified as follows:

DIRECT TESTIMONY

MS. HULSEY: Good evening, Your Honor, and members of the PUC staff. My name is Ashley Hulsey, and I am speaking on behalf of the Coalition on the Utility Crisis.

Our organization was formed because there is a utility crisis in Philadelphia. Low to median income persons cannot afford basic utility costs today.

If PECO burdens customers with the cost of Limerick, more low and even middle income families will face shut-off of utilities necessary for survival all year

1 round. Gas heat is exorbitant; our city's citizens rely
2 on affordable electricity for heat, light and refrigeration.

3 The hundreds of citizens participating in the
4 Coalition on the Utility Crisis clinics already have
5 severe utility financing problems.

6 Escalation of costs for basic utility costs must
7 stop immediately. The Pennsylvania Utility Commission must
8 block the PECO rate increase now.

9 Thank you.

10 (Applause.)

11 JUDGE MATUSCHAK: Thank you.

12 Kristin Dawkins.

13 Whereupon,

14 KRISTIN DAWKINS

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 MS. DAWKINS: My name is Kristin Dawkins, and I do
18 want to answer the gentleman's question, because I would
19 like to ask it in return to all of the public speakers.

20 I am a volunteer on this project. Every minute that
21 I spend on it is entirely unpaid.

22 (Applause.)

23 MS. DAWKINS: Commissioner Shane, I would like to
24 thank you for coming down here. I wish the other Commis-
25 sioners were here as well. I think they have a great need

1 to hear what people in Philadelphia are going to suffer
2 from as a result of this rate increase.

3 PECO's request for a 28 percent increase in elec-
4 tric rates is unjustified, excessive and illegal. Adding
5 the cost of Limerick 1 to our rates at present would give
6 us the dubious distinction of having the highest rates in
7 the country.

8 As recently as 1982, PECO claimed that the plant
9 would cost only \$2 billion. It was this figure on which
10 the PUC based its decision that completion of Limerick 1
11 was in the best interest of the customers, so they contin-
12 ued to build it; and now they want us to pay for all of
13 their mistakes and construction errors in the meantime, up
14 to \$3.2 billion.

15 To make matters worse, they are even trying to
16 charge us for some of Limerick 2's costs. Limerick power
17 will cost four to five times higher than power from their
18 oil and gas plants, and ten times more than their coal
19 plants.

20 We should only be charged for the value of the
21 cheapest available source, a term called "least-cost
22 power."

23 This rate increase is outrageous.

24 My organization, the Pennsylvania Energy Ratepayers
25 Coalition, was formed about a year-and-a-half ago on the

1 basis of economics. At that time, when we founded our
2 organization, we did a lot of figuring and came up with a
3 number of projections on what the Limerick plant would do
4 to our economy.

5 I can't say that I am pleased to find out that our
6 projections were correct. In fact, we projected a 50 per-
7 cent increase only for Limerick No. 1 and No. 2. Now that
8 the figures are out, we are experiencing a 30 percent in-
9 crease, roughly, for Limerick No. 1, and you can certainly
10 expect at least a 30 percent increase for Limerick No. 2.

11 So as little as a year-and-a-half ago, even we were
12 conservative in our projections.

13 We similarly projected a severe loss of jobs to
14 our local economy. In fact, we got a lot of abuse for
15 that particular information, because we are only volunteers;
16 we are not sophisticated economists.

17 However, in the meantime, the Wharton School out at
18 the University of Pennsylvania has since confirmed our
19 projection that tens of thousands of jobs are at stake
20 here.

21 Limerick No. 1 alone, according to this conserva-
22 tive economist, will cost our area 19,000 jobs.

23 We are still projecting something that has not yet
24 been confirmed, and that is severe increases in taxes and
25 severe cutbacks in services when our cities and our

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1 municipalities in the region have to pay their increased
2 electric bills.

3 Philadelphia, the city's, electric bill is roughly
4 \$100 million if you include all of its various departments
5 and authorities. A 30 percent increase in that bill would
6 mean another \$30 million that our city has to find for its
7 budget. They are going to be extremely hard-pressed:
8 taxes increased and services cut back.

9 We will find out in a few months that we are correct
10 on this one, too.

11 Now, the city's position, ironically, even facing
12 that kind of a problem for its own government, is simply
13 that this entire increase should be granted, but stretched
14 out over seven years.

15 This is yet one more outrageous factor.

16 In fact, the PUC's Trial Staff itself has said that
17 fully half of the value of Limerick No. 1 should be dis-
18 counted because of these construction costs, construction
19 delays, and other mistakes that the company has made.

20 The city has not had the fortitude to recognize
21 this and perhaps ask for the same half value stretched
22 over seven years. Now, that would be something, perhaps,
23 we could support.

24 However, we would like to go even further and look
25 at the Office of Consumer Advocate's position here in the

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1 case. They have discovered enough little pieces of this
2 rate case that are imprudent, unjust, and so forth, that
3 they are saying only five percent of the amount that has
4 been requested is valid.

5 We say, however, that none of it is valid. Based
6 on our position on "least-cost power," none of the Limerick
7 1 costs ought to be included in rate base.

8 The reason for this is that the term "least-cost
9 power" means, again I repeat, that we should only be
10 charged for the fair market value of the least expensive
11 available alternative.

12 When you price it out, Limerick No. 1 is going to
13 cost us roughly 20 cents per kilowatt-hour. There is a
14 standard formula. PECO and we disagree on some of the
15 elements of that formula, particularly how much time the
16 plant is going to run, which is why, when they speak later on,
17 you will hear them disputing our 20 cents per kilowatt-hour
18 figure.

19 But their projection that it will run 65 percent of
20 the time, we again predict, will be very, very optimistic
21 considering that the national average throughout the
22 country is only 55 percent, and PECO's average with the
23 rest of their plants has been lower than that.

24 The alternatives which are available and which are
25 cheaper are oil and gas and what they purchase over the

1 Interchange with some of the other states in our area.
2 Those fuels ending up costing us, for electricity, only
3 four to five cents, and coal and conservation would only
4 cost us about two cents.

5 So we have plenty of power available at much
6 cheaper rates, and that is where we should be supplying
7 our region.

8 This least-cost policy I am describing technically
9 is referred to as avoided cost pricing, and this would
10 really, in effect, make PECO put its money where its mouth
11 is.

12 They will be testifying all evening tonight, saying
13 that Limerick is the way to go. Well, if it's the way to
14 go, then they should accept the least-cost pricing policy;
15 and if they run the plant and it turns out as they say,
16 then it will be a least-cost source of fuel for us and we
17 would be paying a reasonable rate.

18 If it turns out to cost more, though, then, by all
19 means, we will again have been the correct ones.

20 So we feel that PECO ought to support a least-cost
21 pricing policy as well if they are sincere.

22 Judge Turner, back in the Limerick 2 hearings about
23 a year ago, requested that all of the speakers testify as
24 to where they were employed.

25 I have now testified that I am a volunteer on this

1 project. I would like to know where many of the supporters
2 of the Limerick Nuclear Plant work. I believe that I al-
3 ready know the answer to that.

4 Finally, then, I would like to encourage all of
5 those here who are against paying more than you have to for
6 electricity to write to the Public Utility Commission.
7 The rate increase can be cut back significantly, if not
8 defeated entirely.

9 I would also ask you to write a second letter to
10 your state senator and encourage the Senate, in their
11 looking at the Public Utility Commission and their every
12 ten years reform, to incorporate a least-cost pricing regu-
13 lation which would guarantee fair pricing for all future
14 supplies of electricity in our region.

15 Finally, other letters should be written as well to
16 Mayor Goode, who has not put his money where his mouth is,
17 and letters to the editor of all of our newspapers are al-
18 ways extremely helpful.

19 My organization has an orange flyer which we have
20 distributed that has the addresses on it.

21 Thank you.

22 (Applause.)

23 JUDGE MATUSCHAK: Thank you.

24 Phyllis Zitzer.

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Whereupon,

PHYLLIS ZITZER

having duly affirmed, testified as follows:

DIRECT TESTIMONY

MS. ZITZER: My name is Phyllis Zitzer. I am the Legislative Director of the Pennsylvania Energy Ratepayers Coalition. I serve in that capacity as a volunteer.

I am going to keep my remarks brief since I had planned to speak this afternoon and since Kristin, the Director of our organization, just spoke.

Energy prices in the Philadelphia area continued to rise faster than those in the nation as a whole last year, with electricity costs increasing at triple the national average rate according to figures released in January by the Bureau of Labor Statistics.

The price of electric power in the eight-county area rose 8.3 percent, while rates for the nation as a whole increased an average of 2.7 percent. This is before we are faced with the possibility of paying for Limerick 1 and Limerick 2.

Again, with electric rates already among the highest in the nation, this increase will give us the dubious distinction of paying the highest rates. Many people in the area simply cannot afford the 30 percent increase.

The relative cost of Limerick's power is four to five

1 times more than power from other sources currently available
2 to PECO, and ten times more than its coal plants.

3 Again, we do not believe that we should be charged
4 for these excess costs and that we should only pay for the
5 cheapest available source, least-cost power.

6 We are disturbed that PECO has received permis-
7 sion to prematurely shut down many of its existing facili-
8 ties, and is even asking to pay a penalty to do so, so
9 that it can appear that we need Limerick's power.

10 The only reason that Salem 2's capacity is still not
11 leased to some other buyer is because no one wants it, no
12 one needs it; there is excess capacity in the PJM grid.

13 As recently as a few days ago, Mr. Clifford Brenner
14 wrote a letter to the editor of the "Philadelphia Inquirer"
15 saying that with Limerick 1 coming on line, the company was
16 going to be able to retire 963 megawatts of capacity.

17 Clearly, there is a lot of concern about whether or
18 not the company has justified that these retirements are
19 cost effective.

20 We do not believe that they have proven that they
21 are, and they should be required to do so; and that should
22 have been made part of this rate case.

23 (Applause.)

24 MS. ZITZER: We are outraged that the company in-
25 tends to go ahead and retire this capacity and hope that

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this is an issue that will be fully explored on the record and considered by the Commission despite the Commission's approval to allow some of this capacity to be prematurely retired and then to allow the company to pay a penalty to do so.

Should there be an increased need for power, PECO could opt to buy power from industrial cogenerators, which, according to estimates from the Governor's Energy Council, could provide enough power at reasonable prices to replace the output of even Limerick 1.

When Southern California Edison decided to stop building more generating plant and offered to purchased power from any cogenerator or other small producer who would sign a firm contract, it was deluged with offers. Already, they have about 3,000 megawatts under contract, more than the equivalent of three Limerick units, enough to meet their needs well into the 1990s.

PECO and governmental agencies must begin offering to finance or pay for improvements in energy efficiency. While a great deal of conservation is already underway, such incentives based on the avoided cost of new construction have economic merit for the entire region.

I think one of the biggest concerns I have is the fact that I think that this Commission is going to be overly generous when reviewing this rate case, having

1 already made a decision to allow Philadelphia Electric
2 Company to continue building Limerick 2, and I hope that
3 the Commission will pay very close attention to separating
4 out any additional costs that may result from a decision
5 to complete Limerick 2 and will not allow those costs into
6 rates at this time.

7 I specifically refer to the request to include half
8 of the shared facilities between Limerick 1 and Limerick 2
9 into the rate base at this time. This is necessary to
10 exclude these costs to minimize the costs to the customers,
11 to uphold past PUC precedent on this matter; and I refer
12 to the Peach Bottom 2 and 3 cases and the Susquehanna 1
13 and 2 cases where only half of the common facilities were
14 in rate base; and, more importantly, to require PECO to put
15 its money where its mouth is.

16 If the customers wish to make a long-term investment
17 in PECO, they can do so by buying a bond. Clearly, invest-
18 ing in Limerick's common facilities through higher rates is
19 not an attractive investment for PECO customers, and nor
20 are these facilities currently used and useful in providing
21 service to the customers, as is required by law.

22 PECO stated in the Limerick 2 investigation that
23 the company would only include 50 percent of the common
24 costs in rate base if it was given permission to complete
25 Limerick 2. PECO should live up to this prior commitment

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1 to rate base only half of the common facilities until
2 Limerick 2 is completed or canceled.

3 I would like to close with a quote from the testi-
4 mony just filed by the Philadelphia Area Industrial Energy
5 Users brief along this regard, which I don't think anyone
6 else could have said any better: "Limerick 2 is not the
7 most economical alternative for PECO. It would not be
8 sound regulatory policy to provide PECO with unnecessary
9 financial rewards at customers' expense for pursuing an
10 uneconomic course of action.

11 "The denial of half of Limerick 2's common facili-
12 ties from rate base is perhaps one way to encourage the
13 company to pursue the prudent and economically sensitive
14 alternatives to completing Limerick 2.

15 "Certainly, PECO needs no further encouragement to
16 complete the unit by the Commission."
17

17 Thank you.

18 (Applause.)

19 JUDGE MATUSCHAK: Thank you.

20 Mary Mikus.

21 (No response.)

22 JUDGE MATUSCHAK: Jay Leroy Jones.

23 Whereupon,

24 JAY LEROY JONES

25 having duly affirmed, testified as follows:

DIRECT TESTIMONY

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2 MR. JONES: Thank you for the time. I will truly
3 give a summary. I tried to come with a prepared information
4 sheet, and I had to take this sheet and really break it
5 down because I have been involved in cases similar, and I
6 know that people spend their time waiting, and I do not want
7 them to wait in vein.

8 For those of you who do not know me, I am Jay Leroy
9 Jones of the First Episcopal District of the African
10 Methodist Episcopal Church.

11 Once again we face the prospect of seeking short-
12 term gain at long-term interest of a community or
13 communities.

14 These communities need economic growth, and only
15 economic growth can provide the thousands -- and I am con-
16 cerned about new jobs that the people will need over the
17 coming decades, not tomorrow, but decades and years to
18 come.

19 May I do as we do sometimes, what is known as a side-
20 bar statement. I remember years ago reading in a textbook
21 someone making the statement, "If God wanted man to fly, he
22 would have given him wings," and he must have given them
23 wings, because most of you have flown.

24 Only economic growth will provide the thousands of
25 new jobs, and without an adequate supply of energy -- and

1 when I talk about energy, I don't mean oil imports from
2 foreign countries; I mean a domestic source of energy.
3 Without domestic energy there will not be economic growth,
4 and without economic growth we face a dreadful prospect of
5 not enough jobs for the generations to come.

6 Right now one of the sources of energy for the
7 region is Limerick. Now, I have been concerned about and
8 I have been involved in solar energy, but solar energy has
9 not lived up to the promise made for it decades ago. Wind
10 and geothermal were never more than just another dream.

11 Conservation is being applied and energy is being
12 saved, but not enough to meet the demand that economic
13 growth will generate.

14 We cannot build our future on the empty promises of
15 technologies that may or may not come to be; but Limerick
16 is already here.

17 With fair rate treatment -- and it must be fair --
18 for the first Limerick Unit, then the second unit can be
19 furnished, and with those two plants available the community
20 will be able to look forward not just to tomorrow, but to a
21 future supply with and a future supply of power that will
22 let us grow, grow and prosper.

23 I speak not for today, not for just tomorrow, but
24 for decades to come.

25 Thank you.

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(Applause.)

JUDGE MATUSCHAK: Thank you.

Henry Conrad.

Whereupon,

HENRY CONRAD

having been duly sworn, testified as follows:

DIRECT TESTIMONY

MR. CONRAD: Judge Matuschak, members of the panel, as you can see, I have no prepared brief, so I can make it short if possible.

I am here to speak as a consumer from my own personal experience. For almost 40 years the Philadelphia Electric Company has provided me adequate and dependable service. That service is always available when I want it, whether it is hot or cold; even when there is a storm and the storm blows down the power line, Philadelphia Electric people restore it very quickly and we have it.

A lot has been said here about the increases in costs. Now, I can remember, from my own bills between 1949 and 1969, that Philadelphia Electric Company did not increase at all. There was no increase in the rates.

After '69, increases started taking place. And why did those increases take place? Because everything went up, inflation, the high cost of financing; everything in the world went up and Philadelphia Electric also had to

1 increase their rates.

2 There was a time, I understand, when Philadelphia
3 Electric Company \$2.00 a barrel of oil. Then came the oil
4 embargo and Philadelphia Electric had to pay \$40 a barrel
5 of oil.

6 Now, they couldn't charge the same as they did be-
7 tween 1949 and 1969, so they increased the rate. But
8 relatively speaking, considering the reliability of the
9 service, considering the comfort which this supplies,
10 electricity is still a cheap commodity.

11 Now, I understand about people in difficulty, and I
12 myself am involved, through our church, in working for
13 people who have a hard time paying their bills. And this
14 is not only -- the electric company can't solve the problem
15 alone; the state has something to do about it, too.

16 So I understand your need, and I have been working
17 for you. But relatively speaking, electricity is not an
18 expensive commodity.

19 I look at my own home. In my basement there is a
20 water heater, which gives me all the hot water I need.
21 There is a washing machine, there is a dryer. There is a
22 dehumidifier which keeps my basement dry. Even my heating
23 system needs electricity, because without electricity, my
24 heating system would be no good.

25 Upstairs in the kitchen there is a refrigerator,

1 there are lights. The average home has got at least ten
2 major appliances.

3 All these conveniences, what do they cost you?
4 \$3.00 a day. \$3.00 a day.

5 If the Public Utility Commission were to grant PE
6 their whole increase in the rate, the same electricity
7 will cost me \$4.00 a day.

8 Now, \$4.00 is less than what I have to pay to come
9 down from Delaware County to this church and back. \$4.00
10 a day to provide all the comfort, all the conveniences;
11 everything in our homes are electric.

12 So I would say, relatively speaking, it is not
13 that expensive a commodity.

14 I think the Philadelphia Electric Company should be
15 granted their rate request, and for five reasons. I will
16 give them briefly.

17 First, for them to meet their obligation to supply
18 us with reliable service whenever we want it. This is the
19 United States of America; it is not a banana republic that
20 we can shut off the service and have blackouts and brown-
21 outs. We want the electric when it is available, and
22 Philadelphia Electric Company has been supplying it, and
23 they should be given the right to do so.

24 Philadelphia Electric Company has also got obliga-
25 tions to its stockholders, and many of them have invested

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1 their savings, and some of them invested their lifetime
2 savings; and they do deserve a fair return for their
3 investment.

4 Three, to make us independent of foreign supplies.
5 Do we really want to depend on Kaddafis and Khomeinis
6 to supply us with our oil so we can have electricity, or
7 do we want to be independent of that?

8 The cheapest way to do it is to do it in this
9 country, and we can do it in this country. We don't have
10 to depend on them. This country is still spending \$60
11 billion a year for foreign oil. Half of the imbalance of
12 payment of this country with other nations is due to the
13 import of oil. We do not have to depend on them, and we
14 do not have to depend on you in Indiana producing our
15 electricity. It is very nice of you, we appreciate it,
16 but that supply may also--in a few years from now, Indiana
17 may say "We need it ourselves; goodbye Philadelphia
18 Electric. You've got to build your own generation plant."

19 So we need to be independent from Indiana, too.

20 Philadelphia Electric needs a rate increase in
21 order to insure this area its prosperity.

22 I wish I could spend some more time. As I have no
23 script, you can cut me off. But Mr. Weiner -- and I
24 believe he has left -- he has been painting a terrible
25 picture of what is going to happen with nuclear energy.

1 It is interesting that when Edison said, "We are going to
2 electrify a city," all the experts said, first of all, it's
3 impossible, and, secondly, it will kill many people.

4 Now, Philadelphia is electrified and nobody is
5 afraid of it. But Mr. Weiner painted a very terrible
6 picture of what is going to happen.

7 Thank you very much for your time.

8 (Applause.)

9 JUDGE MATUSCHAK: Thank you.

10 Noble McHugh.

11 Whereupon,

12 NOBLE MCHUGH

13 having been duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 MR. MCHUGH: Good evening. My name is Noble McHugh.

16 I am a registered professional engineer in Media,
17 Pennsylvania. I also serve as the Executive Director of
18 the Professional Advisory Council on Energy.

19 The Professional Advisory Council on Energy is com-
20 posed of individuals and representatives of professional,
21 industrial and commercial organizations having both
22 common interests in and a special capability for promoting
23 public knowledge and understanding of energy resources and
24 utilization.

25 A broad spectrum and a reasonable balance in the

1 various qualified sectors exists among our membership.

2 The purpose of PACE is to foster a better public
3 understanding of the aspects of energy technology,
4 economics and environmental impact.

5 We support all forms of energy that are technically
6 achievable, environmentally sound and environmentally
7 acceptable. For any source to be acceptable, it must meet
8 all of those tests.

9 I am going to submit this, if I may, so that I can
10 comment briefly from it rather than to read it for you.
11 I think it is appropriate to what we have at hand. It is
12 a study by Energy Concepts, Incorporated, about the
13 economics of nuclear power.

14 I will just read briefly from the summary and
15 conclusion for everybody's benefit. The rest of the infor-
16 mation is in the full document.

17 Science Concepts, Incorporated, has calculated the
18 cumulative savings that have accrued to the American con-
19 sumer because of the operation of nuclear power plants.

20 The calculations are based on the fact that nuclear
21 electricity would have been produced by a mixture of coal
22 and oil-fired generation in each year since 1973 if
23 nuclear energy had not been available.

24 It is important to note that coal and nuclear
25 capacity is largely utilized, but that the installed

1 oil-fired capacity is largely unused and comprises the
2 major share of the excess capacity on the grid.

3 This, of course, is obvious that it is the high
4 price of oil; they are the last things you want to operate.

5 The conclusion of this study -- and the documentation
6 is fully there for you. In the face of continuing negative
7 financial news about a variety of new nuclear power plants,
8 it may be surprising to find that, overall, nuclear elec-
9 tricity saved American consumers money.

10 These savings arise from the fact that the major
11 share of the existing nuclear power plants provide less
12 expensive electricity than either coal or oil-fired
13 facilities.

14 Even when the more expensive recent additions to
15 the nation's nuclear capacity are included for 1984, the
16 fact that utilities were able to avoid using significant
17 amounts of idle but available oil-fired capacity resulted
18 in overall savings to the customers.

19 Nuclear electricity has, since 1973, saved American
20 consumers between \$34 billion and \$56 billion due to lower
21 electricity rates.

22 In 1984, electricity from nuclear generating stations
23 resulted in consumers saving between \$1 billion and \$4
24 billion, compared to the costs of providing the same amount
25 of electricity with a mix of coal and oil-fired generation.

1 As some others have already pointed out, delays are
2 responsible for a large part of Limerick's cost. I will
3 cite one example that I think is very interesting.

4 The Limerick plant has been in the licensing
5 process for over a decade. Unit No. 1 was completed, re-
6 ceived high ratings for quality from the NRC, was given a
7 low power license and finished lower power testing without a
8 hitch, and was waiting for the low power license -- or a
9 full power license to be issued when it hit a snag.

10 After the hearings had been completed, the NRC was
11 presented with a petition representing the inmates at a
12 maximum security prison eight-and-a-half miles from the
13 plant. They wanted more details about their emergency
14 evacuation plan, which had been withheld from the inmates
15 by the State of Pennsylvania, for obvious reasons.

16 A detailed evacuation plan had been worked out by
17 the state and the prison. Nevertheless, the NRC's Appeal
18 Board found that the prisoners' contentions should be heard,
19 and caused hearings to resume.

20 So while much of the northeast was scrounging for
21 enough electric power to make it through their summer
22 peaks, a finished nuclear plant was sitting idle at a cost
23 of \$1.5 million a day while the nuclear regulatory process
24 catered to the rights of murderers, rapists and thieves
25 who want to participate in developing their own evacuation

1 plan.

2 The duration of that instance alone resulted in
3 over \$100 million being added to the customers' bills be-
4 cause of Unit No. 1, Limerick.

5 There are numerous other examples that could
6 account for a very large part of that.

7 Now, it is important to note that Limerick is a
8 duplicate of Peach Bottom. Both units have been operating
9 since 1974. The total capital cost of that plant was
10 \$1 billion, and the accumulated savings are already \$2
11 billion.

12 Philadelphia Electric owns 43 percent of that plant
13 and operates it. So PE customers are already \$850 million
14 ahead right now on nuclear power.

15 The same utility, the same reactor supplier, the
16 same engineer/architect and the same constructor. What
17 changed between Peach Bottom and Limerick? Not the
18 utility. Not the process. The political and regulatory
19 process is what changed, and they must bear the blame.

20 Let's not lose sight of the basic fundamentals of
21 economic objectivity, fairness and the difference between
22 long-range and short-term thinking.

23 Fairness means pay for Limerick's benefits. Get
24 the benefits, but pay for them.

25 Limerick I has already become a reality when it

1 went into commercial operation last Saturday, after one of
2 the shortest start-up periods in history. The fuel
3 savings over the next cheapest way of generating elec-
4 tricity will be more than \$200 million each year.

5 We should all be thankful that a large, new,
6 dependable plant will be available to carry us through
7 this decade.

8 Thank you.

9 (Applause.)

10 JUDGE MATUSCHAK: Thank you.

11 Christopher Wilson.

12 Whereupon,

13
14 CHRISTOPHER WILSON

15 having duly affirmed, testified as follows:

16 DIRECT TESTIMONY

17 MR. WILSON: I live 3.8 miles from Limerick, which
18 is one of the reasons why I am concerned about it. I have
19 done all I could to stop it, and I am going to continue to
20 do more. But since it is already about to start, it
21 doesn't look good.

22 What I don't like is paying for it and paying more
23 and more for it. I am a farmer. I work with my hands,
24 and the trees that I grow -- I'm a nurseryman, which is a
25 kind of a farmer -- have remained about the same price for
1986 as they were for '85, as they were for '84, as they

1 were for '83, so the money I get in does not go up, even
2 though a lot of other things are increasing in price.

3 The electricity is certainly increasing in price.
4 I have a wife, and I have two children, and I am having
5 an increasingly difficult time paying for electricity
6 which we do use. We are trying to cut down. We don't use
7 television. We don't use a dehumidifier, humidifier,
8 freezer, dryer, dishwasher. We recycle as much of our
9 water as possible.

10 For instance, after I take a bath, I use that water
11 to water plants, because our water comes from an electric
12 well; we live in a rural area in Northern Chester County.

13 I don't use electronic toys, computer gadgets. We
14 no longer have an outside light going each night because
15 of the use of electricity.

16 And with all the savings that I have been doing,
17 the eighth month of 1982, our bill was \$8.81; the eleventh
18 month of '82, it was \$14.88; the tenth month of '83, it
19 was \$17.54.

20 By the seventh month of 1985--that was this past
21 summer -- it was \$25.00. And here is our latest bill; it
22 was \$31.05. And now the electric company is asking to
23 increase our rates much more than that, and we're having a
24 very difficult time paying for it, because I am not rich.
25 I am a farmer. It is farmers that feed all people in the

1 country, including the ones that work for the electric
2 company.

3 (Applause.)

4 MR. WILSON: If you would like to see my electric
5 bills, here they are.

6 JUDGE MATUSCHAK: Thank you.

7 (Applause.)

8 JUDGE MATUSCHAK: Bob Pierson.

9 (No response.)

10 JUDGE MATUSCHAK: Ruth Miner.

11 Whereupon,

12 RUTH MINER

13 having been duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 MS. MINER: Thank you for this opportunity.

16 My name is Ruth Miner. I live in Philadelphia, and
17 I am a working person, but I do not work for the Philadel-
18 phia Electric Company, except insofar as I work to pay for
19 my electric bill.

20 I am a former stockholder. When I inherited Phila-
21 delphia Electric stock ten years ago, I sold it as soon as
22 possible because the company was building nuclear power
23 plants; and I wrote a letter explaining my reason.

24 Recently, I telephoned a stockbroker in a well-
25 known Philadelphia firm and asked him about PECo stock. He

1 said, "No stockbroker in his right mind would recommend
2 buying Philadelphia Electric Company stock." So nuclear
3 power is not, at least around here, considered a prudent
4 investment.

5 I consider Philadelphia Electric Company imprudent
6 for going into the nuclear power business.

7 When the government was selling fuel rods at the
8 bargain basement price, I'm told, of \$10 per gram and
9 offering attractive subsidies in the form of tax breaks,
10 deferments and depreciation benefits, it was also requiring
11 the utility using nuclear power to hold the United States
12 harmless and the Atomic Energy Commission harmless in case
13 of injuries from nuclear power. The insurance companies
14 were not willing to gamble on the safety of nuclear power
15 to the extent of insuring it against major accidents.

16 (Applause.)

17 MS. MINER: This should have made the Philadelphia
18 Electric Company suspicious. But then Congress went so far
19 as to underwrite the insurance for the nuclear utilities
20 up to a legal cap of no more than \$560 million per major
21 accident -- too little to cover more than a small fraction
22 of estimated possible damage, but still an incredible
23 gamble with the taxpayers' money, since if a major disaster
24 should occur, Congress would probably have to go into special
25 session and appropriate more.

1 If we taxpayers and ratepayers weren't providing the
 2 insurance through the Price-Anderson Act, due to be renewed
 3 in August 1987, the nuclear power plants would have to
 4 close down.

5 The nuclear industry has been financed by the
 6 federal government to a total of more than \$86 billion
 7 already. So we are paying twice for nuclear fission
 8 power, as taxpayers and then as ratepayers.

9 (Applause.)

10 MS. MINER: And our electric rates would be one-
 11 and-a-half to two percent higher than they are -- that is
 12 a conservative estimate -- if we weren't subsidizing
 13 nuclear power through the federal government.

14 No referendum was ever placed on our ballots to
 15 find out if we wanted to take these physical and financial
 16 risks.

17 For 1986, the federal subsidy to nuclear power is
 18 \$1.211 million.

19 I call it imprudent for the federal government to
 20 subsidize expensive nuclear fission energy for electric
 21 utilities that have to have evacuation plans, and I don't
 22 think we should waste any more public money, either from
 23 taxpayers or ratepayers, on this form of energy.

24 It seems to me that the Philadelphia Electric Com-
 25 pany should be paying us back by cutting rates for the

1 unjust profits it makes by charging ratepayers for phantom
2 taxes it hasn't paid.

3 (Applause.)

4 MS. MINER: The overcharge amounted to approximately
5 \$46.47 per residential customer in 1984. And if we include
6 estimated cost boosts for other services caused by this
7 padded billing, the phantom tax that should be paid back
8 comes to about \$113.76 per residential customer, just for
9 1984.

10 At an Atomic Energy Commission hearing at the
11 Holiday Inn in Pottstown, before the ground was broken for
12 the Limerick power plant -- you can look it up in the
13 Pottstown Public Library where the records are on file --
14 Philadelphia Electric Company experts testified under oath
15 that even with supplemental water obtained by persuading
16 communities along the river to relinquish their rights to
17 some of their water volume, and even with supplemental
18 water piped in from the Delaware River, even then the
19 reactors would probably have to be shut down during the
20 summer drought season for one or two months.

21 I submit that it was clear enough at that time,
22 back in the early-'70s, that building a boiling water
23 reactor requiring 40 million gallons of river water per
24 day was an imprudent project for the Philadelphia Electric
25 Company, and I believe that we should not now have to suffer

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1 rate hikes and safety risks to pay for the company's
2 recklessness.

3 (Applause.)

4 MS. MINER: On May 29, 1980, Philadelphia's City
5 Council passed Resolution No. 169, stating that all con-
6 struction should cease at the Limerick nuclear plants,
7 and there were nine reasons, all still relevant today and
8 all ignored by the Nuclear Regulatory Commission and the
9 Philadelphia Electric Company.

10 Aside from the safety factors, most important of
11 all, including the fact that Philadelphia Electric has not
12 and cannot provide a feasible evacuation plan to its
13 citizens in case of any large nuclear disaster, City
14 Council noted that the generating capacity would far
15 exceed the need; that the costs of the plants were
16 escalating; that these costs would be borne by ratepayers
17 and the government in tax investment credits of ten percent
18 and accelerated depreciation allowances; that the \$560
19 million provided in insurance by the utilities and the
20 government would amount to less than five percent of
21 damages estimated possible by government reports; and that
22 the Environmental Protection Agency had termed inadequate
23 the projected supplies of cooling water.

24 Our citizens and officials don't want the services
25 and risks of the Limerick power plants and, furthermore,

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1 cannot afford even one of them.

2 If the Philadelphia Electric Company can't make
3 prudent decisions financially, maybe we had better look
4 into the possibilities of publicly-owned utilities, as
5 New York is doing.

6 (Applause.)

7 MS. MINER: According to a recent article in the
8 "New York Times," accompanied by a graph which is there,
9 publicly-owned utilities average out cheaper than those
10 run by private companies.

11 However, nuclear is not the way to go in any event.
12 According to a study commissioned by the Friends of Earth,
13 Amici della Terra of Italy, nuclear power is failing
14 market tests in France, the United States, England and
15 West Germany.

16 (Applause.)

17 MS. MINER: In the case of France, the most inter-
18 nationally indebted nation in the Western World next to
19 Brazil and Mexico, at least one-fifth of the indebtedness
20 can be laid at the feet of its state-run nuclear industry.

21 New alternative sources of energy are in the works
22 and are being reported in the news. There has been success
23 in converting anthracite slag heaps into commercial energy.
24 That was reported in the "Inquirer" recently.

25 On January 24, Sandia National Laboratories in

1 Albuquerque, New Mexico, ran a second successful test of its
2 Pulse Beam Fusion Accelerator, PBFA-2, bringing clean
3 nuclear fusion technology closer to our use. And photo-
4 voltaic cells are already efficiently converting sunlight
5 into energy and there are firms here and abroad working to
6 produce commercially viable models.

7 We don't want costly, radioactive fission power
8 plants standing around for an unpredictable number of years
9 threatening the health of present and future children of
10 the earth.

11 Fission power is an imprudent way to produce
12 energy, a dangerous, temporary technology that will soon
13 be obsolete and is an enormous waste of money and human
14 suffering.

15 We don't want it or need it, and we resent having
16 its expenses foisted upon us.

17 Thank you.

18 (Applause.)
19
20
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25

1 JUDGE MATUSCHAK: If you have long statements, we
2 would appreciate it if you would summarize them so that all
3 persons here will be able to comment.

4 Virginia Brunner?

5 Whereupon,

6 VIRGINIA BRUNNER

7 having been duly sworn, testified as follows:

8 MS. BRUNNER: My name is Virginia Brunner, and I am
9 also a volunteer at the Pennsylvania Voice of Energy.

10 We have listened tonight to many different positions
11 regarding this rate increase. Some of these opinions were
12 very emotional, and many opinions not really affecting the
13 issue at all. But whatever any one of us may have to say,
14 whether it is fact or fiction, this is a gift of our fore-
15 fathers left for us to preserve and treasure and cherish,
16 and that's the right to speak our opinion publicly.

17 When I am finished with my statement many of you
18 will applaud and others will not, but this is America and
19 God bless it.

20 Here in America we also have what is known as free
21 enterprise. It is one of our foundations of our democracy.
22 It enables business to grow, people to work, and to witness
23 the benefits of their endeavors.

24 Philadelphia Electric Company had made a decision
25 to build Limerick, based on research, facts and the growing

1 demand from the customers they serve. This decision was
2 not fully their own. Philadelphia Electric Company, being
3 regulated by the Public Utility Commission, also had to
4 answer to them at the time. They went to them, and the
5 Public Utility Commission researched and gathered facts
6 concerning the future needs of the people of PECO, that they
7 serve; and they said: yes; build Limerick.

8 Now Limerick is completed and running commercially,
9 serving their customers. The money it took to build
10 Limerick must be paid. They are not any different from any
11 other company in America. When you replace equipment or
12 grow in business you also must pay your debts.

13 I have listened to school officials blame PECO for
14 their large tuition fees. City of Philadelphia officials
15 shift the responsibility to the utility rather than to
16 themselves, and politicians are running for election and
17 hoping a television appearance here will reach the voters.

18 I do a lot of volunteer work in my community, as well
19 as being a member of the Pennsylvania Voice of Energy,
20 which also has a constituency made of people from all walks
21 of life; and we feel that this is a justified rate increase
22 and will help to guarantee energy independence today and
23 in the electric rates for the years to come.

24 Your Honor, I do not envy your job at all, nor yours,
25 Commissioner, because you are the ones who are going to

1 decide how much increase there will be.

2 And to you, Philadelphia Electric Company, as President
3 Reagan has said: here in America we hang our wash out for
4 everybody to view. Good luck to you. YOU do a good job.

5 (Applause.)

6 JUDGE MATUSCHAK: Thank you.

7 Patrick McCullough?

8 Whereupon,

9 PATRICK McCULLOUGH

10 having been duly sworn, testified as follows:

11 MR. McCULLOUGH: Good evening, Judge. This is my
12 first hearing. That young lady had the most I've heard all
13 night.

14 All I can say is I'm an employee of the Electric
15 Company. I'm proud of it. I don't feel that I steal any-
16 thing off anybody.

17 I'm a lineman. I'm not an engineer. John Austin
18 didn't consult me when he built this plant. He didn't
19 consult me about this rate increase either.

20 I pay \$160 a month in electric bills. That gentle-
21 man said he pays \$8. Everything he has I have two of them.
22 My bill is going to be triple.

23 I was born in Miseracordia Hospital; that makes me
24 a native born American. That seems to be very important
25 here tonight.

1 From what has been said here, I don't even know why
 2 we are having this set of hearings. Mr. Weiner was talking
 3 about the space shuttle. I didn't even know we owned the
 4 space shuttle. And TRW, I don't think we own any of that
 5 either. There seems to be nothing about the rate increase.

6 All I would like to say is, as an employee of 14
 7 years, climbing poles, your electricity is always there.
 8 We are reliable; that has been fed into us since the day
 9 I was hired. We have reliability at an economic cost.

10 And the lights have been on here all night. That's
 11 the best I can do for you. Thank you.

12 (Applause.)

13 JUDGE MATUSCHAK: Thank you.

14 Sandy Jones:

15 Whereupon,

16 SANDY JONES

17 having been duly sworn, testified as follows:

18 MS. JONES: Your Honor, I have sat through almost
 19 as much of this hearing as you have. I was a volunteer on
 20 my own time at Media to listen to it. I was in Doylestown
 21 last night. I was here this afternoon and I'm here again
 22 tonight. And I'm getting increasingly upset at what I'm
 23 hearing, and I'm mad.

24 VOICE: Where do you work?

25 MS. JONES: I'm a PECO employee and I'm PECO-proud.

1 And just as that gentleman said this evening, Mr. Johnson,
2 the big shots sit over here. I'm a big shot at PE too,
3 and that's the way they treat me. Every employee is a big
4 shot, and so is every customer, every customer that is in
5 this room. That's the way I've treated them in the 22 years
6 I've worked for that company, and that's the way I'm going
7 to continue to treat them whether we get this whole rate
8 increase or not.

9 I would like to clear up a few misconceptions that
10 have been stated by speakers over the past days. We do not
11 set taxes. We simply pay them and collect them from
12 customers, number one.

13 Number two, the gentleman said this afternoon that
14 we should all be willing -- he is willing to have brown-
15 outs. Did you listen to Bonnie McCormick's testimony last
16 night about her service being shut off? Was she willing
17 to have a brownout when all of her food was wasted and
18 spoiled?

19 Is any one else in here willing to have a brownout
20 and have your service off for a day, for hours at a time?
21 I doubt it sincerely.

22 MS. HAWKCHIEF: I have a question.

23 MS. JONES: I don't think I have answer questions
24 from the audience, do I, sir?

25 JUDGE MATUSCHAK: You may proceed.

1 MS. JONES: Thank you.

2 VOICE: You are paid to be here..

3 MS. JONES: I resent the statement that I am here
4 at the company's expense. I'm here on my own time. It is
5 now 8:45. I normally get done work at 5:00 on an average
6 day. It is now 8:45; it is my time. I am not getting paid.
7 And it was my time last night; it was my time this after-
8 noon, and it was my time in Media. I took my own personal
9 leave time.

10 Now there are people who were here today from the
11 University of Pennsylvania. They didn't take personal leave
12 time; they had to get back to work.

13 VOICE: You are being paid overtime.

14 MS. JONES: I am not being paid overtime. You are
15 welcome to look at my paycheck any time you want.

16 You had a speaker last night who said her bill was
17 \$183 for the month of December and she could not pay that
18 bill. I think she should practice what she preaches,
19 conservation.

20 My summer bills with air conditioning are never that
21 high.

22 The PUC process makes Philadelphia Electric Company
23 a good target for frustration, and I understand that many
24 of these people are frustrated with increasing costs. But
25 they need to be out there contesting the increases in

1 rent and their Bell Telephone increases and the cost of
2 automobiles and the cost of food and the cost of services.
3 Check your latest doctor bill and see what you have to pay
4 him for 15 minutes of service, and figure out what you pay
5 PE for 15 minutes of service.

6 When we purchase electricity from outside of the
7 PECO territory we save money for the ratepayers. We do not
8 save it for the shareholders. That was a misstatement made
9 this afternoon.

10 Service industries: the gentleman who spoke this
11 afternoon said service industries were low-paying jobs.
12 If you know what a service industry is, health research,
13 computers, high-tech, insurance companies; not low-paying
14 jobs.

15 And lastly, I don't think that anyone is able to be
16 shut off from their service so they would freeze to death
17 in the City of Philadelphia because the PUC does not allow
18 that. We cannot shut off a customer in the wintertime.

19 Thank you so much for your time, sir.

20 JUDGE MATUSCHAK: Thank you.

21 (Applause.)

22 JUDGE MATUSCHAK: Phyllis Gilbert?

23 Whereupon,

24 PHYLLIS GILBERT

25 having been duly sworn, testified as follows:

1 MS. GILBERT: Good evening, Commissioner Shane and
2 Judge Matuschak, and concerned citizens.

3 My name is Phyllis Gilbert, and I'm the Chairperson
4 of the Sierra Club's Eastern Pennsylvania Group's Nuclear
5 Concerns Committee.

6 The Sierra Club is one of the oldest environmental
7 protection volunteer organizations in the United States.
8 The local membership is nearly 5000.

9 The National Sierra Club's policy opposes the
10 construction of nuclear power plants on the basis of
11 environmental damage, and recommends instead the use of
12 alternative energy sources such as conservation, small-
13 scale hydroelectric and co-generation power.

14 Philadelphia Electric's request for an almost 30
15 percent rate increase is predicated largely on the escalated
16 construction costs of Limerick nuclear plants. However,
17 alternative sources mentioned above would be environmentally
18 safer and economically cheaper.

19 The cost of Limerick 1 and 2 increased from the
20 original estimate of \$375 million in 1975 to an already
21 exceeded estimate of \$7.6 billion as of 1986. Costs have
22 escalated far beyond reasonable limits where debt service
23 alone accounts for a large portion of the costs.

24 Now that Limerick 1 is on line environmental harm
25 is in motion. Nuclear power history is fraught with

1 widespread instances of air and water pollution. Scientists
2 Ernest Sternglas and Rosalie Bertel have found evidence of
3 significantly higher rates of cancer and infant mortality
4 and genetic damage in the vicinity of nuclear power plants
5 throughout the United States.

6 Evidence that the Three Mile Island accident
7 contaminated the local groundwater and that contamination
8 continues as a result of TMI's recent restart procedures
9 is documented respectively by the Emott Health Study
10 Survey in the 1970s and the recent Source Tumor by
11 Marvin Lewis, a nuclear activist.

12 Nuclear power's byproducts, low level nuclear waste,
13 is also leaking into the environment. It is found around
14 the country at sites such as West Valley, New York,
15 Savannah River in Barnwell, South Carolina, as well as in
16 Hanford, Washington. This is documented by Sierra Club's
17 radioactive waste campaign.

18 The nuclear industry is passing on these pollution
19 costs to the taxpayers. These costs will grow and grow as
20 the waste accumulates. The real costs of nuclear power
21 are already a far cry from the initial dream of harnessing
22 the peaceful atom to produce electricity to cheap to meter.

23 Nonetheless, there is a solution to this alarming
24 environmental pollution and escalating electric costs.
25 This is in conservation and conversion to alternative fuel

1 sources such as I mentioned before.

2 The Department of Energy's Office of Energy
3 Information study shows that Pennsylvania has many potential
4 and appropriate sites for the safe and effective develop-
5 ment of hydroelectric. Already co-generation, simply the
6 use of waste heat from one generating process to produce
7 electricity is being developed by huge PECO customers such
8 as Scott Paper, Lukens Steel and the University of Pennsyl-
9 vania.

10 Ironically, those large users plan to sell back the
11 excess energy to PECO.

12 Conservation is the remedy to which we all can
13 contribute. As Amory Lovins, the world reknowned energy
14 efficiency expert attests, "The full use of the best
15 electric saving measures now on the market could quadruple
16 the efficiency of using electric in the United States."
17 In other words, these conservation measures would replace
18 a large portion of the demand for electric and make
19 Limerick not so necessary.

20 (Applause.)

21 MS. GILBERT: Mr. Lovins also explains that these
22 high tech energy savings devices such as the quadruple
23 efficient light bulbs, Number S1-18 by Phillips, dual
24 sweeps, demand hot water heaters by Aqua-Star, and photo-
25 copiers by Canon NP-125 cost only a third as much as five

1 years ago and have been available only in the past year and
2 a half.

3 One forward-looking utility, Pacific Gas and Electric,
4 has already put these kinds of energy efficiency concepts
5 into motion on a large scale. In the early 1980s PG&E
6 faced up to the escalating costs of nuclear power and turned
7 to savings with conservation. They designed and implemented
8 an energy rebate program for business and government use.
9 The program gave rebates to selected improved electric
10 users by approving their proposals for projects from
11 municipal street lighting to small business energy manage-
12 ment systems. This rebate program results in an energy
13 savings of more than 6.8 billion kilowatt-hours. More-
14 over, those entering the program continue to participate
15 and to conserve.

16 In contrast PECO makes little attempt to promote
17 energy efficiency among large or middle sized electric
18 customers. In a sampling of PECO appliance stores the most
19 energy efficient appliances such as noted by Amory Lovins
20 are conspicuously not available.

21 Moreover, at these stores only high energy user
22 refrigerators of the frost-free type are on display to
23 stimulate sales. One had to inquire diligently about
24 energy efficiency with some background knowledge to assess
25 the advantages of such energy efficient appliances.

1 To reiterate, Limerick nuclear power is not in the
2 public interest, as the environmental costs are great, both
3 immediate and into the future, and will be borne by the
4 public because escalating costs for Limerick power far
5 exceed currently available alternative power sources.

6 Sierra Club encourages the Public Utility Commission
7 to deny PECO's rate hike request.

8 Thank you.

9 (Applause.)

10 JUDGE MATUSCHAK: Richard Camitta?

11 Whereupon,

12 RICHARD CAMITTA

13 having been duly sworn, testified as follows:

14 MR. CAMITTA: Commissioner Shane, Judge Matuschak,
15 members of the PUC staff and fellow ratepayers, I am here
16 tonight speaking as a member and as a representative of the
17 City of Philadelphia's Commission on Neighborhoods. The
18 Mayor's Commission on Neighborhoods opposes the proposed
19 PECO rate increase.

20 (Applause.)

21 MR. CAMITTA: The residents of the City of Phila-
22 delphia cannot afford to pay an additional 28 percent for
23 their electricity. We cannot afford to pay more for
24 SEPTA fares, which will be required because of their higher
25 utility costs.

1 We cannot afford to pay higher water bills to provide
2 for the increased costs of the Water Department. We cannot
3 afford to pay higher real estate taxes to pay for the City's
4 increased electric bill.

5 We cannot afford to pay higher taxes to provide for
6 the increases to the utility costs in our schools.

7 PECO is not only asking homeowners to pay 28 percent
8 more for their electricity, but also to pay higher SEPTA
9 fares, water bills, real estate taxes, etcetera.

10 The bills mount up rapidly. The average homeowner
11 could easily pay between \$500 and \$1000 more a year just
12 due to this PECO rate increase.

13 We residents of Philadelphia cannot afford the rate
14 increase, but we have no choice. It's pay up or leave.
15 But what about those who do have an option. What will
16 businesses that can relocate and expand in other parts of
17 the country which have lower utility rates, what will they
18 do? They will leave. They will expand in other areas where
19 utility rates are lower.

20 A recent study conducted for the City of Philadelphia
21 indicated that the Philadelphia region alone will lose
22 19,000 jobs because of high utility rates. Our City cannot
23 afford to lose these jobs. We, therefore, oppose the
24 rate increase and join everyone else who has spoken out
25 on this issue except PECO.

1 We support the efforts of the City of Philadelphia,
2 the Office of the Consumer Advocate, the Governor's Energy
3 Council, the Utility Users Committee, the Philadelphia
4 Area Industrial Users Group, and the Consumers Education
5 and Protective Association.

6 We believe that when government, commerce, industry
7 and consumers speak with one voice the Public Utility
8 Commission should listen.

9 (Applause.)

10 MR. CAMITTA: The PUC must protect the interests of
11 the citizens of the Philadelphia region and put the burden
12 of proof on PECO. The Electric Company should be required
13 to prove why, number one, their expenditures have been
14 prudent; two, why their delays are the ratepayers'
15 responsibility; three, why they need a rate of return far
16 in excess of the prime rate; why Limerick should not be
17 considered as excess capacity; five, why PECO should not
18 guarantee the energy savings they assume; six, why a
19 water supply should not be secured before the plant is put
20 on line; seven, why a plan for the disposal of the used fuel
21 should not be in place before the plant is made operational;
22 and finally, number eight, why an effective evacuation
23 plan should not be in place before the plant is put on line.

24 Thank you very much.

25 (Applause.)

1 COMMISSIONER SHANE: Sir, I have a question. What
2 is the position being taken by the Council for the City of
3 Philadelphia in the litigated rate case?

4 MR. CAMITTA: The Council's?

5 COMMISSIONER SHANE: Yes.

6 MR. CAMITTA: I believe that the City of Philadelphia
7 via the Mayor's Office has suggested several things.
8 Number one, that the PUC use the least cost pricing as
9 opposed to the present pricing system used with utilities;
10 number two, that PECO be required to guarantee the energy
11 savings they assume; number three, that the rate increase
12 be phased in over a period of seven years; and that the
13 interest -- that the ratepayers not pay the interest that
14 would be an additional cost for PECO during the seven years
15 of phase-in time.

16 COMMISSIONER SHANE: Thank you.

17 JUDGE MATUSCHAK: Robert A. Cairns?

18 Whereupon,

19 ROBERT A. CAIRNS

20 having been duly sworn, testified as follows:

21 MR. CAIRNS: Gentlemen, Your Honor, Commissioner,
22 thank you for coming. My family comes from the little
23 town of Ebensburg, and that's a long ways off.

24 I'm here to talk as a father of two sons. My main
25 concern is long range, and I support Philadelphia Electric

1 Company's plan of energy independence. I don't want their
2 future to be subject to a Kadaffi or any other world
3 situation which could be come unstable. I'm also very
4 supportive of their long-range environmental plans to make
5 Southeastern Pennsylvania a secure and a clean place to
6 live.

7 Thank you.

8 (Applause.)

9 JUDGE MATUSCHAK: Thank you.

10 Laurie Cameron?

11 Whereupon,

12 LAURIE CAMERON

13 having been duly sworn, testified as follows:

14 MR. CAMERON: My name is Laurie Cameron. I'm the
15 Director of Germantown Residents Acting to conserve
16 Energy, known as GRACE. GRACE serves the northwest sector
17 of Philadelphia as part of a network of six Neighborhood
18 Energy Centers.

19 Our center takes applications for all the forms of
20 financial assistance on fuel and utility costs which are
21 available in Philadelphia. We operate both self-help and
22 crew-assisted weatherization programs for low and moderate
23 income households and provide extensive education programs
24 on energy-related topics to the entire community.

25 By the end of this program year we will have served

1 over 3000 households, the vast majority of whom are low
2 income and unable to pay the cost of average utility
3 service or fuel usage.

4 The effect of a 28 percent increase in the costs of
5 electrical service would be considerable in the neighbor-
6 hoods served by GRACE. Nearly a quarter of the households
7 in our our area might be classified as "working poor;" that
8 is they earn their income through employment but are
9 eligible for fuel assistance grants.

10 Most such households are marginal at best in their
11 ability to meet basic expenses and pay all utility and fuel
12 bills. A \$20 increase in their electric bills will be
13 felt immediately by this group struggling to sustain the
14 American dream in the duly prescribed and approved manner.

15 The very poor, those on Welfare and other low fixed
16 incomes or without income, have already awakened to the
17 reality of shutoffs and long waits in neon-lit offices.
18 They accept what they can get survive. We won't kill them
19 or even get rid of them just by making electricity more
20 expensive or even by shutting them off.

21 In the present climate of budget cuts and supply-
22 side economics they have become accustomed to a decreased
23 grant here or an increased bill there; they can't pay it
24 anyway, and the people they have voted for to represent
25 them haven't been able to do anything about it.

1 More important that the widows and orphans who
2 constitute the vast majority of PECO stockholders get their
3 dividend. If they don't, that's news -- top if the financial
4 page.

5 This company's rates are already 34 percent above
6 the national average and the full increase would place it
7 81 percent above the average. Residential rates have risen
8 nearly 50 percent since 1980 while commercial/industrial
9 rates rose only 27 percent. You see, PECO had to build
10 this plant so commerce and industry would have enough
11 electricity to operate. But the company has to keep the
12 price low so they don't move away or generate their own
13 electricity. They have options. The people in our
14 neighborhood have candles.

15 Between 1975 and 1983 Welfare grants in Pennsylvania
16 went up 20 percent while the cost of living rose 74 percent,
17 and the cost of electric skyrocketed 150 percent.

18 PECO has begun to recognize the plight of people
19 caught in this cost/income vise by launching a pilot bill
20 reduction program for families with a long-term inability
21 to pay. The Customer Assistance Program, as it is called,
22 operates like a welfare program in the sense that
23 participants must reveal all their income and accept the
24 dictates of the company on certain lifestyle matters.

25 Homeowners have been asked to sign documents which were

1 intended to result in liens against their property.
2 In return participants receive sizeable reductions in their
3 bills and a chance to have arrearages forgiven provided they
4 pay their bills.

5 This raises a question whether company-operated
6 welfare programs are the most fair and appropriate vehicle
7 for reducing the cost of electric service to low and moderate
8 income people. If the argument is accepted that it is okay
9 to reduce the bills of certain selected renters without
10 reimbursement, then that same argument could be applied
11 to resurrecting the idea of "life-line" rates for low and
12 moderate income households who keep their average usage
13 below some ceiling, say 400 kilowatt-hours a month.

14 A life-line rate would be of especial help to the
15 working poor and to homeowners who would rather reduce their
16 usage than than subject their homes to a lien. It wouldn't
17 preclude offering a Customer Assistance Program style
18 program to the very poor for whom usage reduction would
19 not suffice.

20 The total income for PECO from the low and moderate
21 income cohort of the residential sector constitutes only
22 a small percentage of total company income. Perhaps a
23 life-line rate extended to a customer could bring in an
24 automatic payment of Low Income Home Energy Assistance
25 funds to the company.

1 In any event, I hope and urge that you keep in mind
2 the plight and interests of those who are most vulnerable
3 to rate increases.

4 Thank you.

5 JUDGE MATUSCHAK: Thank you.

6 (Applause.)

7 JUDGE MATUSCHAK: Randy Brubaker?

8 (No response.)

9 JUDGE MATUSCHAK: Mercedes Gallagher?

10 Whereupon,

11 MERCEDES GALLAGHER

12 having been duly sworn, testified as follows:

13 MS. GALLAGHER: I am here to testify today on
14 behalf of Del-AWARE Unlimited, the environmental citizens
15 group from New Hope. My name is Mercedes Gallagher; I am
16 the Executive Director.

17 Del-AWARE Unlimited would like to testify on three
18 points. Number one is water, the central concern of Del-
19 AWARE Unlimited. In general water is not regarded as a
20 major topic in nuclear power debates. However, nuclear
21 power generation consumes many times more water supply than
22 any other form of contemporary power generation.

23 The great majority of the water that will be used
24 for Limerick will be depleted from the area because most
25 of it is evaporated. In other words, it will be taken from

1 the watershed and will not be returned to the watershed,
2 but will fall someday as rain someplace in the world.

3 The amount of water that Limerick 1 alone will con-
4 sume is up to 23 million gallons of water a day. This
5 amount of water could instead supply approximately 100,000
6 families with their daily household water use.

7 The Delaware River Basin, which includes the
8 Schuylkill Watershed, drains one percent of this nation's
9 land mass, and supplies 10 percent of the nation's popula-
10 tion with their water supplies already. This is already
11 an overstressed watershed.

12 ~~We~~ think a decision to produce power by the most
13 water-intensive method of production in the Delaware River
14 Basin is imprudent.

15 The second concern that Del-AWARE Unlimited would
16 like to present to this Commission is the question of
17 equity or fairness. At the time that Limerick 1 came into
18 full power production the Atomic Industrial Forum for
19 Nuclear Associations had already reported that energy
20 production from coal was less expensive than nuclear.
21 Limerick 1 then is then the result of a bad management
22 decision and is a mistake.

23 It is obvious to all that if Limerick were the least
24 cost alternative we would not be at a hearing for a 28
25 percent rate hike.

1 The question here today is who should have to pay
2 for this mistake, or a question of equity. We are all aware
3 of the inability of ratepayers to influence the management
4 decisions of Philadelphia Electric Company. Many thousands
5 of citizens demonstrated seven or eight years ago at the
6 Limerick site; I know because I was there. The management
7 of PECO did not listen to us.

8 People have attended the Philadelphia Electric
9 Company stockholders' meeting, and because they were not
10 stockholders they were not allowed into the meeting. I
11 know because I was one who was turned away.

12 It is at the stockholders' meeting and there only
13 that the management and policies of Philadelphia Electric
14 Company are ratified. The management policies are
15 directed by the stockholders, and the stockholders only.
16 It is therefore a just conclusion that this mistake should
17 be paid for by the stockholders and the stockholders only.

18 The final and probably most important point is the
19 future of energy production in the Southeastern Pennsyl-
20 vania area. It is generally understood that Philadelphia
21 Electric Company needs this rate increase only to attract
22 financing to construct Limerick 2, but already this
23 Commission has requests before it to allow co-generation.
24 If the ratepayers are made to pay this increase the ironic
25 result will be that both large and small users of electricity,

1 both commercial and residential, will do whatever they can
2 to go off the PECO grid and produce their energy from other
3 less expensive sources like co-generation.

4 Co-generation, by the way, uses very little, if any,
5 water.

6 What will this Commission do when the requests for
7 co-generation come to it in numbers? On the one hand, how
8 could this Commission deny companies the right to build
9 their plants and produce their own power if they so desire?
10 America is the land of opportunity and free enterprise.

11 On the other hand, if this Commission allows co-
12 generation then who will end up using and paying for
13 Limerick? And how will PECO stay afloat when its rate
14 base diminishes significantly.

15 What we are suggesting is a likely possibility of
16 serious consequences to all, including PECO, if this rate
17 increase is granted, with maybe the only exception being
18 the co-generation business which would experience a boom.

19 I would like to conclude this testimony by bring-
20 ing to this Commission a document from a neighboring region
21 to the PECO service territory. It is important for this
22 Commission to know that right across the Delaware River
23 from the major industrial areas of PECO's service area a
24 whole different set of regulations and incentives are law.
25 This will not go unnoticed by PECO's service area, and it
will not be long before the industrial users in that area

1 start asking for the same treatment as they are getting
2 across the river.

3 The following is quoted from Chapter 3 of the New
4 Jersey Department of Energy Master Plan, which was adopted
5 only two months ago by the Governor of New Jersey.

6 I would now read from an Administrative Order in the
7 State of New Jersey.

8 JUDGE MATUSCHAK: Is that lengthy?

9 MS. GALLAGHER: No, it is not. I will leave it
10 with you.

11 "It is now clear that New Jersey can improve its
12 economy, enhance energy reliability, raise energy efficiency,
13 reduce energy costs, lower pollution, convert solid waste
14 to fuel and promote and retain jobs by encouraging the
15 growth of ... cogeneration and small-owner production by
16 non-utility energy entrepreneurs."

17 "With cogeneration, consumers who are strapped by
18 New Jersey's high electric rates will find that they can
19 convert this liability into an asset. These high costs will
20 act as a spur to investors eager to assist consumers in the
21 installation of cogeneration equipment. Cogenerated power
22 will then replace much of the high cost electricity ...
23 generated by utilities, leading to lower costs to all ..."

24 I will stop here, but they do go into how this will
25 create a number of jobs, 17,000 to 20,000 jobs.

1 Then I will conclude. I request that this document
2 from New Jersey be made a part of the record.

3 To conclude, Del-AWARE Unlimited requests that this
4 Commission consider the use of water in its decisions and
5 make an equitable decision on this rate request, a decision
6 which would only penalize those who are responsible for the
7 decision to build Limerick, and consider the serious
8 economic consequences to all, including Philadelphia
9 Electric Company, if this rate increase were granted.

10 Del-AWARE also requests that this Commission
11 reconsider its decision to allow Limerick Unit 2. We all
12 have enough problems from Limerick 1, and we don't need
13 another one.

14 JUDGE MATUSCHAK: Thank you.

15 (Applause.)

16 JUDGE MATUSCHAK: Raymond Veas?

17 Whereupon,

18 RAYMOND VEES

19 having been duly sworn, testified as follows:

20 MR. VEES: I was sworn in last night, Your Honor.

21 Your Honor, I will keep my comments brief because
22 I did have an opportunity to talk last night.

23 I was kind of disturbed -- I had a couple of our
24 members come up to me today and they were concerned
25 because they were intimidated last night with the people

1 that were in that room, and they did not want to speak for
2 fear of the two paramilitary whatever they were that were
3 stationed around the hearing room last night in Doylestown.
4 I just wanted to bring that to your attention and put
5 that in the record that these people, whoever they were --
6 I don't know if they were PUC members or who they were, but
7 they were intimidating people.

8 JUDGE MATUSCHAK: We don't take serious acceptance
9 of that. I think we gave everybody an opportunity to
10 speak there, and I didn't recognize any threats or anything,
11 and I will not accept that. I think that all of us who
12 attended that meeting would be of the concensus that
13 everybody there had an opportunity to speak if they desired
14 to speak, and that there was no threatening of any kind and
15 no one expressed any fears to us at that time. So I am
16 not going to accept that comment.

17 You may proceed with your statement in this pro-
18 ceeding.

19 MR. VEES: Well, Your Honor, that does disturb me
20 that you won't accept that comment. You accepted the
21 comment from Richard McNult last night, if you recall,
22 when he called PECO murderers and wife-beaters, but you
23 won't accept my statement.

24 I would also like to tell you that you accepted some
25 statements from other people that disturbed me because I

1 know these people and I know where they live, because they
2 are familiar to me. You accepted the testimony of the
3 gentleman who was 14th on the list; he lives in the PP&L
4 service territory.

5 JUDGE MATUSCHAK: Please get to the facts of the case
6 here and not comment on other people here. We are asking
7 for your perception and your expression here as to whether
8 or not this rate increase is proper.

9 MR. VEES: You accepted comment from many people,
10 Your Honor, that were not ratepayers, who do not live in
11 this service territory, which is what this hearing is
12 about.

13 My only comment then, beings there is a reluctance
14 to hear really what I have to say, my only comment is this:
15 I would like to see in the future public input hearings,
16 rather than the testimony that I have watched over the
17 last four hearings, that such testimony be afforded the
18 opportunity in a courtroom-like atmosphere such that
19 cross-examination can be from all the parties involved.
20 I think you would get a more accurate and truthful
21 testimony from all concerned.

22 I would also like to say, Your Honor, that having
23 dealt and testified at this hearing and listened to all
24 of the proceedings of this hearing and all of the previous
25 show-cause proceedings for Limerick 2, that I was very much

1 impressed and would like to extend my appreciation for the
2 staff of the PUC; and in particular the gentleman who has
3 really gone through a lot of aggravation over these hear-
4 ings, and that's Mr. George Dowd. I would like to applaud
5 him for his courtesy.

6 That's all I have to say. Thank you.

7 (Applause.)

8 JUDGE MATUSCHAK: We don't think your suggestion
9 is viable. We are not going to ask these people to come
10 to hearings with their comments and be subject to
11 harassment and any cross-examination. These people are
12 people who are not used to courtroom procedures, and we
13 are not going to make it more difficult for them to appear
14 freely and express their opinions in these cases.

15 MR. VEES: My answer to that is that Mr Shane has
16 just cross-examined one of the testaments, one of the
17 persons --

18 JUDGE MATUSCHAK: He didn't cross-examine anybody.
19 He asked for further information and clarification of the
20 party's testimony.

21 Thank you.

22 We will hear now from Don Barshay.

23 Whereupon,

24 DON BARSHAY

25 having been duly sworn, testified as follows:

1 MR. BARSHAY: I am pretty bothered because I have
2 heard an awful lot of stuff, and I haven't taken notes and
3 I'm really sorry that I didn't because I would like to
4 answer, myself, some of the things I've heard.

5 First of all, I'm a businessman, and I suppose I'm
6 pretty comfortable, but I find myself very much in agree-
7 ment with the people who are against the raise in rates.

8 I find that the rates that I'm paying, which are
9 steadily increasing, obscene from my point of view as a
10 businessman, and I'm comfortable enough to be able to pay
11 for them, although I know there are a tremendous number of
12 people who are not.

13 I think there were a lot of things that could be
14 addressed, as I mentioned. One of the most important
15 things that occurred to me throughout is the fact that
16 it seems to me that ethics should be always the thing that
17 guides us in all of the things that we do. To me, ethics
18 is the greatest good for the greatest number of people,
19 very simply; and to me it is a simple matter to look at
20 what is going down. That's something that is more or less
21 in question, and I would love to deal with that, sir,
22 because I can see you question that.

23 JUDGE MATUSCHAK: I'm not questioning you.

24 MR. BARSHAY: I mean the gentleman next to you. He
25 was definitely questioning that.

1 JUDGE MATUSCHAK: He has a right to question that
2 because the law provides and makes certain provisions and
3 the Commission must comply with the law. The Commission
4 cannot comply with a voice vote of the consumers. The
5 Commission's duty is to be fair to all concerned, the
6 investors, the consumers and the company. It's a legal
7 obligation, and we can't change the law.

8 MR. BARSHAY: There is a spirit of the law and a
9 letter of the law, and as a businessman I find it incredible
10 that I have to compete -- and I do so fairly well -- but
11 that PECO in fact does not have to compete. So what we are
12 ending up with in terms of the game that is being played
13 in this country throughout -- and this is true of govern-
14 mental officials as well as big corporations, as well as
15 power companies -- is something called socialism for the
16 rich and free enterprise for the poor.

17 (Applause.)

18 MR. BARSHAY: And I am comfortable, and I find that
19 a reprehensible reality, and that's why I say ethics should
20 be the highest thing that we try to reach, and that's my
21 comment. Thank you very much.

22 JUDGE MATUSCHAK: Thank you.

23 (Applause.)

24 JUDGE MATUSCHAK: Pete Byrne.
25

1 Whereupon,

PETE BYRNE

2
3 having been duly sworn, testified as follows:

4 MR. BYRNE: In the hearings this afternoon several
5 opponents of the PECO rate increase questioned the judg-
6 ment of the PUC and its ability to render a decision on
7 this case. I support the PECO rate increase, but I have
8 come to question them too because it is supposed to be a
9 semi-judicial proceeding, and to allow these chambers to
10 be draped with partisan banners that at least half the
11 people in the room find offensive raises a serious question
12 about their ability to judge this case.

13 Thank you.

14 (Applause.)

15 JUDGE MATUSCHAK: We will next hear from Floyd
16 Greenwood.

17 Whereupon,

FLOYD GREENWOOD

18
19 having duly affirmed, testified as follows:

20 MR. GREENWOOD: Good evening, everybody. I'm not a
21 big time speaker; I'm just an ordinary consumer, an every-
22 day person. I'm not a stockholder in PE Company. I am
23 a what-do-you-call-it, a stepping stone; okay?

24 But I feel as though you-all don't need the money
25 really. You don't need it. You don't need -- I'm not

1 talking about the employees or the people who do the office
2 work, you know. You-all are just like little puppets that
3 the big guys play around with, you know. What I mean is
4 you really don't have anything to say about it, but what
5 I'm talking to is the people who do run it.

6 You see what I'm saying; the people that sign the
7 check, the people that make the decisions to build these
8 big plants, the people that say: well, we need more
9 money so that we could do more things. These are the
10 people that I would like to confront, so to speak, that I'd
11 like to speak to, because I feel as though that definitely
12 when you-all come out and say that you-all want to raise
13 the rate of the electricity because you-all feel as though
14 people who can afford to pay it don't pay it, you-all are
15 missing a whole picture, because the majority of the people
16 can't afford to pay. And by that, they don't pay.

17 So when you-all say you are going to go up, you-all
18 understand that the people that can't pay --excuse the
19 expression -- the hell with them. And I'm just one of those
20 people who can't pay.

21 And beings as though I can't pay it, guess what?
22 I ain't paying it. It's just that simple.

23 They send me cut-off bills. They send me higher
24 bills and, you know, I go down there and talk to them:
25 hey, I got a new job. You know what I mean: hey, your job

1 is out; why don't you go out and find one? Okay, yeah.

2 And then I got to deal with SEPTA, but that's another
3 story.

4 But we are talking about the gas right now, and we're
5 talking about this nuclear plant that you-all want to
6 build up. I mean do you really fell that you-all really
7 need a nuclear plant, seeing all the destruction that a
8 nuclear bomb can do? Do you really need a nuclear plant?
9 Do you want one?

10 Start thinking about the statistics on Three Mile
11 Island, and that little bit of water that came out, how the
12 whole country panicked almost, when they had that leak at
13 Three Mile Island. They panicked; they almost called it
14 a state of emergency.

15 That's some dangerous stuff there you're dealing with
16 and you-all are taking it lightly. All you are looking
17 at is dollars and cents. You are not looking at how many
18 lives that stuff can destroy. You're not looking at how
19 many environment -- how many plant life, you know; you can
20 destroy a whole farmer's crop with that stuff. It's
21 dangerous.

22 But I say: well, what the heck, you know. We ain't
23 concerned about that. All we want is the dough, you know
24 what I mean, so my child can go to Harvard or Yale; you
25 know what I mean, so I can keep my pool full in the

1 summertime while everybody else is sweating, you know.
2 Look at the statistics and give me the money. I can under-
3 stand that. I guess if I was in the big business for my
4 job then for so many years and all I knew was how to step
5 on other people to get what I wanted, I probably would do
6 the same thing too.

7 But since I came up from different ranks, you know
8 what I mean, I'm forced. Like the man said, if we had
9 another electric company near we wouldn't be forced to
10 pay this, but I'm forced, you know what I mean, in this
11 predicament.

12 I'd like to say to the committee I really feel, you
13 know, that you-all shouldn't allow it to go up.

14 JUDGE MATUSCHAK: Thank you.

15 (Applause.)

16 JUDGE MATUSCHAK: William Farally?

17 Whereupon,

18 WILLIAM FARALLY, JR.

19 having been duly sworn, testified as follows:

20 MR. FARALLY: Excuse me, Judge. There have been a
21 couple of references made to the shuttle. Would it be out
22 of order to have just a moment of silent prayer for those
23 astronauts?

24 JUDGE MATUSCHAK: You may.

25 (Moment of silence.)

1 MR. FARALLY: God bless them and their families.

2 My name is William Farally, Jr. I am the business
3 representative for the Sheet Metal Workers of Local 19.
4 I reside at Media, Pennsylvania.

5 I'm speaking to the request to have a rate increase.
6 I guess as a consumer I'm no different than everybody else.
7 The initial response would be that you don't want to pay
8 any increase whether it is for rates or taxes. But I think
9 what we haven't analyzed is the fact that if an investment
10 is made of \$3 billion to \$4 billion under guidelines by the
11 NRC and the PUC, that a company deserves their investment
12 back, under the law. And I think that's the key, under the
13 law.

14 I believe that your proceedings plus the proceedings
15 with the PUC will separate the facts from the fiction, and
16 you will make the proper analysis. Possibly as a consumer,
17 we may have to pay more than what we wish, and possibly as
18 a utility, the Philadelphia Electric Company might have
19 to receive less in what you grant. But we know it is part
20 of the process. This is your job to separate the facts
21 from the fiction, so what I'm saying is whatever decision
22 that you people come up with I'm willing to live with, and
23 so do the people that I represent.

24 Our people when they go out to work on the job, just
25 like anybody else on the job, we expect to get paid for what
we do for our labor. And a utility if they make an

1 investment they should also be reimbursed for whatever
2 investment that they have placed.

3 I believe that over the years -- several years ago
4 I think there was an option that was shut down by the
5 Legislature in reference to what was called CWIP, Construc-
6 tion While in Progress.

7 Several states do have this situation, building
8 utilities where you would pay for it as it goes; and what
9 you are not doing is you are not paying interest costs
10 also. Now, I also thought that this was a logical approach
11 because, as a consumer, we know we have to pay for it
12 eventually. Why should I have to pay the interest or
13 wait six years or ten years or twelve years for something
14 to be built and pay the interest?

15 I know it was a political football up in the
16 Legislature, and as far as the elected officials. It was
17 almost a suicide mission to vote any other way because of
18 the pressure that was on them.

19 The PUC in December, you know, they stuck their neck
20 out as far as the Limerick 2. It took courage, but it was
21 the right decision. The fact is they are separate and they
22 are appointed, and when the buck stops with them then they
23 have to make that decision, and I have to commend them on
24 that.

25 So really I guess it's the situation where there

1 used to be a commercial on TV, "Either pay me now or pay
2 me later." Right now is later, and PECO should be
3 reimbursed for what they deserve under the law and under
4 the guidelines.

5 Thank you.

6 (Applause.)

7 JUDGE MATUSCHAK: Thank you.

8 David W. Leigh?

9 Whereupon,

10 DAVID W. LEIGH

11 having been duly sworn, testified as follows:

12 MR. LEIGH: I'm here on behalf of my children and
13 my grandchildren. I've been in the nuclear-related
14 activities since 1952, including weapons development and
15 the development of nuclear power.

16 This nation led the world until Jimmy Carter came
17 into power with nuclear energy. Today we don't lead the
18 world in that regard. We are also very close to giving up
19 some of our other leadership in the world community.

20 I'm appalled at the ignorance of history that has
21 been demonstrated in these hearings. This nation fought
22 a civil war and out of that civil war came the decision
23 once and for all that we would be an industrial nation
24 and join the industrial nations of the rest of the world
25 community. You can't turn that history backward.

1 The other thing that troubles me is that in the '70s
2 when the oil nations held this nation and the rest of the
3 world in hostage, we didn't learn a lesson that we should
4 have learned. At the time that that first occurrence
5 happened I was a member of the United States Military, and
6 I was on an airplane on a Presidential mission and I was
7 unable to get fuel for my airplane to defend my country.

8 Now if you want to consider the balance of where we
9 are, oil is a flexible fuel. We need it for flexible
10 applications. It is insane to commit my children and my
11 grandchildren to the absence or to the scarcity of a
12 flexible fuel that they are going to need to complete in
13 the world community.

14 There has been a lot of discussion about coal here.
15 I've lived in coal communities. I've worked in coal-
16 fired plants, and I learned to fly in this area, and we
17 used to navigate by the smokestacks from coal-burning
18 power plants. They don't exist anymore, and it's very good
19 that that has happened. If you have ever lived around
20 coal plants you know what it is like to be under constant
21 bombardment from the fallout of the smokestacks.

22 I described a coal-fired plant to my colleagues the
23 other day as a coal mine on the surface of the earth on fire.
24 They are unpleasant, they are difficult to work in, and
25 they are not very efficient.

1 I've heard a lot of discussion about the potential
2 disaster from nuclear power plants. From January, 1981
3 until November of 1983 I managed the planning and the date
4 of acquisition of the cleanup of TMI. I'm here to tell
5 you that TMI was the worst technical accident that a nuclear
6 power plant can experience. Yet no one has suffered any
7 injury; no one. As a matter of fact, the recent reports
8 are that the estimates that we developed for radiation
9 exposure were very generous and the cleanup has
10 proceeded effectively under those estimates, and those
11 estimates were less than the normal exposures that occur
12 during normal operation of regular operating power plants.

13 There is no zero risk and there is no absolute
14 certainty. Everything that we do has a risk, and we have,
15 as a nation, moved forward on the basis that the risk
16 that we took were worth the objectives that we sought,
17 and we grew into a very powerful and a very strong nation
18 on that premise.

19 I've been hearing a lot of discussion in the last
20 years that we want to abandon some of that, and I believe
21 that that is fallacious. I do not want that for my
22 children or my grandchildren, or their children.

23 I ask this hearing and I ask the PUC to seriously
24 consider the global aspects of the continuation of the
25 construction of Unit 2 and the inclusion of both those

1 units in Philadelphia Electric's rate base.

2 I was born in this area. I've lived here all my life.
3 I agree with the gentleman who was here earlier; Philadelphia
4 Electric Company is a responsible company that does what
5 it is chartered to do. It has made responsible decisions
6 and the costs that they have incurred are legitimate and
7 reasonable.

8 I have compassion for those who are having problems
9 paying their bills. We all face that from time to time.
10 I don't believe that is a reasonable issue to preclude the
11 continuation of a sound economic base for our society.
12 Thank you.

13 (Applause.)

14 JUDGE MATUSCHAK: Thank you.

15 That's the end of the list that I have here. Have
16 I missed anybody?

17 MR. OSMOND: I didn't sign the list. I have some-
18 thing very short. I will leave this with you.

19 JUDGE MATUSCHAK: We will hear you, but please
20 make it very brief.

21 State your name please.

22 MR. OSMOND: I'm William H. Osmond.

23 Whereupon,

24
25 WILLIAM H. OSMOND
having been duly sworn, testified as follows:

1 MR. OSMOND: I will leave out most of this. I want
 2 bring to your attention one peculiar thing that nobody has
 3 mentioned for about two years. There is still another
 4 peculiar fact about nuclear energy plants, namely that they
 5 self-destruct in 25 years. There were articles in the
 6 September 4, 1984 "Inquirer" and the November 12, 1984
 7 "United States News and World Report" that the first nuclear
 8 plant in the United States at Shippingsport, 25 miles from
 9 Pittsburgh, Pennsylvania, was to be torn down by the
 10 federal government after operating for 25 years, since
 11 1958.

12 There are two reasons for this eventual failure, both
 13 caused by neutron bombardment from the Uranium 235 of the
 14 nuclear core. First, the neutron bombardment destroys the
 15 crystalline structure of the metal and produces metal
 16 fatigue. The metal parts become brittle and break very
 17 easily. This especially affects the pressure vessel and
 18 the pipes.

19 Secondly, after 25 years of neutron bombardment the
 20 metal parts become artificially radioactive. Even if the
 21 Uranium 235 and its neutrons are removed, the metal parts
 22 still emit nuclear radiation, which seems to consist of
 23 charged helium atoms or alpha particles and high speed
 24 electrons or beta particles. It is not known whether this
 25 secondary radiation includes gamma rays, also known as

1 X-rays and secondary neutrons.

2 Hence, this neutron destruction of nuclear plants
3 in 25 years should result in large depreciation losses on
4 federal income taxes. The larger neutron depreciation loss
5 should reduce the electric rate charge to the customers.

6 Nobody has brought that out before.

7 JUDGE MATUSCHAK: Thank you.

8 MR. OSMOND: I would like to say one thing more about
9 this big flack between Philadelphia Electric and Professor
10 Schinnar at Pennsylvania State University, Wharton School.
11 I was present at the water rate hearings in '81, '83 and
12 '85, as was Mr. Weiner from the Consumers Party. I'm not
13 a member of the Consumers Party. And on August 16, 1985
14 Deputy Water Commissioner Ronald L. Coy estimated a 12.5
15 percent increase in 1986 for electrical rates and a 10
16 percent increase in 1987. He stated that estimates are
17 difficult in electrical rates.

18 On Friday, August 23, 1985, a week later, Coy
19 raised his estimates on the rise in electrical rates to
20 24 percent. Thomas Canuteson, a consultant to the
21 Consumer Party and CLS, Community Legal Services, also said
22 it is difficult to forecast water rates because one
23 does not know what the electrical rate increase will be.

24 Thank you.

25 JUDGE MATUSCHAK: Thank you.

1 Do you want to make a statement, sir?

2 MR. DANIELS: Yes.

3 Whereupon,

4 HARRY DANIELS

5 having been duly sworn, testified as follows:

6 MR. DANIELS: I've been here mainly as an observer
7 and a consumer. One thing that I noticed here tonight on
8 the part of some of the participants was the lack of love
9 for their fellow man. Now, if we had enough love to go
10 around it would not be necessary to have this committee.
11 You wouldn't have these nuclear plants, and if you did have
12 them they would be safe and sound. They would exhaust all
13 possibilities to help to serve the community instead of
14 being self-serving. It is really for the lack of love
15 that really as a nation a great nation is dying. And if
16 we don't have enough love going for us in this community
17 this whole area around here will be devoid of people,
18 business and everything else, and the plant will be left
19 standing by itself. They won't need to self-destruct.
20 That's all I have to say.

21 JUDGE MATUSCHAK: Thank you. I guess that concludes
22 our proceeding here. I want to thank counsel for their
23 various parties who have come here and explained their
24 positions. I want to thank especially Commissioner Shane
25 who has come here from far off Indiana and Harrisburg, and

1 I want to thank Mr. Bennett and Mr. Longwell here, who
2 represent Commissioner Fischl and Chairman Taliaferro.

3 I want to also thank this church for giving us the
4 facilities and providing these excellent arrangements. I
5 think a round of applause should be given to the church here.
6 (Applause.)

7 JUDGE MATUSCHAK: Lastly I want to compliment the
8 people who appeared at these public input hearings here
9 this afternoon and this evening, and in Doylestown last
10 evening and in Media the evening before.

11 Despite what anybody may say, in these things there
12 is a certain amount of emotionalism that prevails, that
13 bursts forth, but I must say that the people who attended
14 and responded and expressed their comments and the people
15 who just came as spectators, that I will say that in all
16 of these things despite what has been said here that these
17 people have all performed admirably in a democratic way,
18 and I want to congratulate the attendants at each one of
19 these public input hearings. And I want to assure everyone
20 here that no one was threatened or prevented from
21 expressing his own sentiments in this matter.

22 This is America. This is a part of democracy, and
23 I want to congratulate all of those who took part. Thank
24 you.

25 (Applause.)

(Whereupon, at 9:50 p.m. the hearing was closed.)

C E R T I F I C A T E

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

COMMONWEALTH REPORTING COMPANY, INC.

BY: Phyllis Glass

-0-

Sir:

record!

2/27/86

- I am writing to testify against the proposed rate increase that PECO is requesting of the Public Utilities Commission this evening.

As a lifelong resident of the tri-state area, I've seen continuous, & often, very unnecessary increases in the rates that must be paid by everyone just for the right to read, listen to a record, watch a videocassette film, type a letter, etc. The ^{latest} rant request is another such example of ^{the} ~~the~~ pocketbook ~~the~~.

It is getting to the point where those already burdened by heavy utility bills ^(such as the electric, gas, & water) are finding it to be impossible to pay the electric bill without having to sacrifice the ability to ^{keep} their houses or apartments from being as dark, ^{and} ^{and} ^{and} as an inactive condemned ^{area} coal mine. Of course, ~~the~~ PECO forgets too that every rate increase ^(they seek always) forces an increase in transit fares, ^(in every sector) the number of firms that abandon the area, the number of people ^(in every sector) who face a resulting loss of their jobs, etc. They seem to want to force those ^(who are) less fortunate than they

wasteful expenditures on such "white elephants" as the
Dimerick plants, Peach Bottom and the Salem
plants, which are both expensive to an ^{outrageous} ~~outrageous~~ ^{and insane}
degree of extent and in the event of a malfunction
such as had occurred at one of ^{PECO's} ~~the~~ ^{competitors}
most infamous projects ^(of all times) (Three Mile Island) potential
causes of serious ^{all-around} ^(those living and working) jeopardy for ^(each of) hundreds of miles in
each direction from the plants concerned. Never mind
PECO seems to say, that the ^{needed} potential profit margin
and shareholders dividends are of little ~~to its~~ value if ^{no one}
around to enjoy them, even ^{where} matters of safety and health
are concerned! To ~~PECO~~ PECO, safety and health are of
no ^{seems} a great deal less value than ^{any} profits and/or
dividends that can't be enjoyed if the investments backfire
^(the shareholders and) on ^{everyone else} in the event of a TMI or other type of
atomic power based crisis.

Therefore, it would be ^{every} ^(for everyone's tranquility) smart to reject all ^{and/or}
a large ~~that~~ ^(rate increase) percentage of the amount that
PECO is requesting of the PUC. Thank you very much

^(respectfully)
Sincerely yours,
Samuel M. Dublin
7144 Akron St
Phila, PA 19149

starts for 125-C
Low income based
on the CRISIS
Program.

February 4, 1985

My name is Cathy Coate and I work for Philadelphia Jobs In Energy Project. We work with a network of community organizations throughout the City to help them develop comprehensive energy savings programs for Low Income consumers. These include programs in the areas of weatherization, education and fuel assistance.

Today I made several calls to determine the latest statistics for the various fuel assistance programs offered to Low-Income families. These programs are a good indicator of the need, although many eligible consumers still refuse to apply for these programs due to the stigma of "welfare handouts." Very sadly, many of those individuals are elderly and they end up surviving somehow - without heat, electricity or water. But that is a whole other problem. The numbers of people who do apply for these assistance programs are still astounding.

Currently, due to PUC regulations, electric customers who depend upon electricity as their primary source of heat cannot be shut off until the moratorium is over on April Fools day, 1986. Those who apply for the LIHEAP grant are eligible to receive funds to apply to their bill. According to PECO, the average grant that has been awarded this year is \$167. Last year it was \$283.

Those who have shut-off notices do not have to worry about being shut-off during the winter months but despite the moratorium, the CRISIS program, which awards a grant to low-income families who would otherwise be shut-off is receiving over

71
after 4:00 PM
100 calls per day inquiring about their eligibility for the CRISIS program.

This means that by April, over 3500 people are in danger of losing their electricity because they can't afford to pay due to their income status. The decrease in State funds has made it even more difficult for these consumers. These people are usually seniors, families with small children and the working poor.

If they can't pay their electric bills now, imagine what it will be like the rates go up by 30% as PECO is proposing.

In discussing this drastic situation with one community leader from Philadelphia, he stated that, "this is another utility taj majal - and poor people cannot afford their basic needs, much less afford to pay for additional power plants and stockholders investments."

On behalf of Low-income ratepayers in Philadelphia, I urge the PUC to refuse PECO the right to increase electric rates. It will simply put more families out onto the streets.

TESTIMONY BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
"PUBLIC INPUT HEARINGS"

MARY MIKUS

TENANTS' ACTION GROUP

FEBRUARY 4, 1986

Good afternoon. My name is Mary Mikus. I am Energy Coordinator at the Tenants' Action Group of Philadelphia. I would like to begin my testimony by stating the simple fact that electric rates are becoming more and more unaffordable to many Philadelphians. Because this is occurring, it reflects on the PUC's not fulfilling their public responsibility and taking a strong leadership role in halting this outrageous rate escalation.

The impact of this rate increase on low-income persons is devastating. Tenants' Action Group receives hundreds of calls each month from tenants who currently cannot afford basic necessities. To these tenants an electric increase is just another item in a long line of unaffordable living costs. Even if tenants do not pay directly for their electric costs, landlords who are utility customers feel the added financial burden and pass it along to tenants either in the form of a direct rent increase or a rent increase in which tenants are forced to assume responsibility for their electric use.

Another unaffordable necessity adds to the sometimes unfortunate reality of hopelessness that is already felt. Choices have to be made and unfortunately out of necessity, necessities have to be sacrificed. These are the decisions that result in not only utility shut-off but eviction, mortgage foreclosure and lack of adequate health and safety provisions. These are the circumstances that out of desperation lead many individuals to do what they can for themselves and their families

including stealing utility service from either a utility company or another customer's meter. It is crucial that a mechanism needs to be developed that will guarantee that anyone who can truly not afford to pay will be able to maintain some service.

There are a number of things that the PUC could have done and still can do to more adequately address ratepayer needs. The PUC had the opportunity to stabilize rates by ordering the cancellation of Limerick II. Instead, they decided on a risky "cost-cap ceiling" of \$3.2 billion dollars, a very liberal containment figure, especially in light of the reality that this "cost-cap" will end up in customers' bills. The enforceability of cost containment is also questionable. What will happen when the cost exceeds \$3.2 billion dollars, which is historically inevitable. The whole concept has not yet been tested in Pennsylvania and the question of its implication for future PUC Commissioners has not been determined.

However, the cost-cap decision seems to follow the PUC policy of putting stockholders before ratepayers. The very notion of guaranteeing a return and eliminating risk is the fancy of any investor. The idea of this being allowed, while not taking into account the needs of those who are company's mainstay, their customers, is unacceptable policy, especially if this policy is developed by a group of individuals appointed to keep the consumer's interest in mind while regulating utilities.

Alternate policy needs to be developed that will not only benefit ratepayers but contribute to economic well-being of the region. In the Philadelphia area it is estimated that Limerick

will cost 19,000 jobs. Its negative impact expands as other consumer expenses escalate relative to electric rates. For example: SEPTA fares will go up, taxes will increase and water costs will rise.

Other options need to be implemented. There is no reason why ratepayers should pay for the most expensive source of power when cheaper sources are available. Currently, PECO is closing down fossil-fuel fired plants before the end of their life expectancy. The PUC should mandate that ratepayers only be charged for the "least cost power" that is available. Conservation needs to be further encouraged. Utilization of these alternatives will not only eliminate any need for Limerick II, but will promote a healthier economic environment.

It is clear that for the future of our Philadelphia area, mandates must be put in place by the PUC that provide more guarantees to ratepayers than to stockholders.

Thank you for scheduling opportunities for the public testimony of myself and others.