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COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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Pennsylvania Public Utility Commission :
vs. Philadelphia Gas Works. :
Annual 1307(f) filing and Petition to :
establish a cash receipts reconciliation :
clause. :
:
Public Input Hearing. :
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Docket No.
WR-00049157 and
P-00042090

Pages 496 through 562

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George Washington High School
School Auditorium
10175 Bustleton Avenue & Verree Street
Philadelphia, Pennsylvania

Thursday, May 20, 2004

Met, pursuant to adjournment, at 7:10 p.m.

BEFORE:

CHARLES E. RAINEY, JR., Administrative Law Judge

APPEARANCES:

DANIEL CLEARFIELD, Esquire
Wolf Block
Suite 300
212 Locust Street
Harrisburg, Pennsylvania 17101
(For Philadelphia Gas Works)

JOHNNIE E. SIMMS, Esquire
P.O. Box 3265
Harrisburg, Pennsylvania 17120
(For Office of Trial Staff)

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Camp Hill, Pennsylvania 17011

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APPEARANCES, (Continued):

IRWIN A. POPOWSKY, Esquire
Forum Place, Fifth Floor
555 Walnut Street
Harrisburg, Pennsylvania 17101
(For Office of Consumer Advocate)

ANGELA JONES, Esquire
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(For Office of Small Business Advocate)

RENARDO L. HICKS, Esquire
Anderson, Gulotta & Hicks, P.C.
1110 North Mountain Road
Harrisburg, Pennsylvania 17112
(For Senator Fumo, et al.)

PHILIP A. BERTOCCI, Esquire
Community Legal Services
1424 Chestnut Street, Fourth Floor
Philadelphia, Pennsylvania 19102
(For CEPA, ACORN, TAG and Action Alliance)

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

(717) 761-7150

1-800-334-1063

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(None.)

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FORM 2

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE CHARLES E. RAINEY: Good
3 evening, and welcome to this public input hearing. This
4 public input hearing involves the matters of Pennsylvania
5 Public Utility Commission vs. Philadelphia Gas Works at
6 Docket No. R-00049157, and the petition of Philadelphia Gas
7 Works to establish a cash receipts reconciliation clause at
8 Docket No. P-00042090.

9 My name is Charles Rainey, and I am the
10 Administrative Law Judge assigned to hear and write a
11 recommended decision in regard to these matters.

12 I'd like to take the opportunity at this time to
13 thank Representative Kenney for his efforts in helping us to
14 George Washington High School here this evening. We surely
15 appreciate that.

16 I would like to thank George Washington High School
17 for allowing us the use of this auditorium and its
18 facilities.

19 I'd also like to thank the student help from George
20 Washington High School that are here today; and namely those
21 persons are Karlene Thern, Joseph Haines, Dan Marcu,
22 Matthew Warner and Brian Harper.

23 We certainly appreciate -- yes, let's give them all a
24 hand.

25 (Applause.)

1 JUDGE RAINEY: We certainly appreciate the effort
2 that they're giving us this evening beyond school hours.
3 Certainly it is much appreciated, and it shows that we have
4 young people who are doing some really nice things. And we
5 should certainly be very proud of them for that.

6 Let me also recognize State Senator Stack, who is
7 also here, and is going to be saying a few words shortly.
8 But I'm going to be giving an introduction first to this
9 matter so that everyone has an understanding of just why
10 we're here this evening.

11 This public input hearing is being held for the
12 purpose of allowing interested persons an opportunity to
13 provide testimony regarding PGW's filings.

14 I believe that a brief history of this proceeding may
15 be helpful.

16 On March 1, 2004, PGW filed a supplement to its gas
17 service tariff designed to increase annual rates by \$31.4
18 million overall effective September 1, 2004.

19 According to PGW's original filing, a typical
20 residential heating customer using 100,000 cubic feet or MCF
21 of natural gas a year would see a \$5.00 increase in his or
22 her monthly bill from \$120 to \$125.

23 More specifically, PGW's filed tariff supplement
24 includes one, a proposed gas cost rate, or GCR, of 7.4216
25 dollars per MCF, which represents a decrease in the GCR that

1 was in effect on December 1, 2003.

2 Two, a newly proposed cash receipts reconciliation
3 clause surcharge, which, based on PGW's bill collection
4 projections at the time of this filing, was designed to
5 recover \$46.7 million during the first year it is in effect.

6 Three, an increase in the restructuring and consumer
7 education surcharge; and four, an increase in the universal
8 service surcharge.

9 This case was assigned to me, and a prehearing
10 conference was held on March 15, 2004. Parties present at
11 the prehearing conference were Philadelphia Gas Works,
12 Office of Trial Staff, Office of Consumer Advocate, Office
13 of Small Business Advocate, Action Alliance, et al., which
14 include Action Alliance of Senior Citizens of Greater
15 Philadelphia, Association of Community Organizations for
16 Reform Now, the Tenants Action Group, and the Consumers
17 Education and Protective Association; also the Philadelphia
18 Industrial and Commercial Gas Users Group.

19 At the prehearing conference I granted PGW's motion
20 to consolidate its gas cost rate filing with its cash
21 receipts reconciliation clause petition for purposes of
22 hearing and disposition.

23 Petitions to intervene were filed by State Senators
24 Vincent J. Fumo, Michael J. Stack and Anthony H. Williams;
25 Philadelphia City Counsel President Anna C. Verna, and

1 Philadelphia City Counsel Members James F. Kenney,
2 Frank DiCicco, Michael A. Nutter, David Cohen,
3 Joan Krajewski, Juan Ramos, and Philadelphia District
4 Attorney Lynn Abraham, collectively referred to as
5 Senator Fumo, et al.; and the Philadelphia Housing
6 Authority.

7 No answers in opposition to the petitions to
8 intervene were filed, and the petitions to intervene were
9 granted.

10 A schedule for the submission of written testimony
11 and hearings was established at the prehearing conference
12 and in subsequent orders.

13 Written, direct and rebuttal and surrebuttal
14 testimonies were submitted by some of the parties pursuant
15 to the procedural schedule.

16 Three public input hearings were held on May 5 and 6.
17 The May 5 public input hearing was held at 7:00 p.m. at the
18 Doubletree Hotel, Philadelphia Northeast.

19 Two public input hearings were held on May 6, at 1:00
20 p.m. and 6:00 p.m., at the Philadelphia Community College,
21 Seventeenth and Spring Garden Streets. And of course,
22 tonight's public input hearing here at George Washington
23 High School.

24 Evidentiary hearings for the purpose of examining the
25 parties' technical witnesses was held on May 11 at the

1 Philadelphia State Office Building, Broad and Spring Garden
2 Streets.

3 Some of the parties' witnesses were subjected to
4 examination at the evidentiary hearing. I questioned one of
5 PGW's witnesses regarding the gas cost rate settlement fact
6 sheet that I had received the day before.

7 All of the parties present at the hearing, with the
8 exception of Philadelphia Housing Authority, which had not
9 yet seen the settlement fact sheet, agreed to the settlement
10 fact sheet, which outlined the terms of the settlement of
11 the gas cost rate filing.

12 In a nutshell, the parties agreed to a decrease in
13 PGW's gas cost rate and increases in the universal service
14 and conservation surcharge and restructuring surcharges,
15 when compared to what was in effect on December 1, 2003.

16 The combined effect of the gas cost rate decrease and
17 increases in the universal service surcharge and
18 restructuring surcharges is an overall annual rate decrease
19 of approximately \$9.6 million.

20 The only matters that remain in dispute among the
21 parties present at the evidentiary hearing was PGW's
22 proposed cash receipts reconciliation clause.

23 Witnesses for PGW, Office of Trial Staff, Office of
24 Consumer Advocate and Office of Small Business Advocate were
25 examined in regard to PGW's proposed cash receipts

1 reconciliation clause.

2 The procedural schedule was changed and will be
3 bifurcated as a result of recent developments. The parties
4 requested that the gas cost rate filing and the cash
5 receipts reconciliation clause petition be placed on two
6 separate tracks as a result of the impending proposed
7 settlement of the gas cost rate and the parties' desire to
8 extend the schedule by three weeks in regard to the cash
9 receipts reconciliation clause petition so that they can
10 engage in settlement discussions.

11 Therefore in regard to the procedural schedule for
12 the gas cost rate, it is my expectation, based on
13 representations by the parties, that I will have a gas cost
14 rate settlement document in hand by May 26, 2004.

15 Any non-signatory parties to the gas cost rate
16 settlement would then have until June 9, 2004 to file and
17 submit written comments.

18 I will then render a recommended decision, and the
19 Commission will render it's final decision by September 1,
20 2004.

21 With regard to the procedural schedule for the cash
22 receipts reconciliation clause, PGW will make a filing
23 extending the effective date to September 22, 2004. The
24 parties will engage in settlement discussions.

25 If a settlement is reached, I will establish a

1 schedule to allow any non-signatory parties to be heard
2 either orally or in writing.

3 In the event the parties are not able to arrive at a
4 proposed settlement of the cash receipts reconciliation
5 clause, main briefs will be due on June 14, and reply briefs
6 on June 22.

7 I will rendered a recommended decision whether a
8 proposed settlement of the cash receipts reconciliation
9 clause is presented or not. The Commission will render a
10 final decision prior to September 22, 2004.

11 So concludes my presentation of the history of this
12 case.

13 You, the public, may participate in today's hearing
14 in one of three ways. The first way, the one the Commission
15 finds preferable, is that you submit sworn testimony under
16 oath.

17 By giving sworn testimony, the Administrative Law
18 Judge and the Commission may consider your testimony when it
19 decides this case. Sworn testimony may be subject to
20 questions from the parties and me.

21 The second way is to provide unsworn testimony.
22 Unsworn testimony will not be considered by the Commission
23 when it makes its decision.

24 The third way is to provide information at a break or
25 at the conclusion of this hearing to either the Office of

1 Trial Staff or the Office of Consumer Advocate or the Office
2 of Small Business Advocate for its use at its discretion.

3 I will give counsel at this time an opportunity to
4 introduce themselves and make any brief opening statement
5 that they so choose to make.

6 And we'll start with counsel for Philadelphia Gas
7 Works.

8 MR. CLEARFIELD: Good evening. I'm Dan Clearfield.

9 Thank you, Your Honor. I appreciate the opportunity
10 to make a few remarks.

11 I'm counsel for PGW, and I'm with an outside law firm
12 here in Philadelphia. And also, just for the record, a
13 graduate of Northeast High School class of 1970.

14 Let me give you two very quick points on PGW's
15 filing. Why do we need a CRRC? Spiraling natural gas costs
16 have increased. They've almost doubled in the last two or
17 three years. And that's wreaked havoc with our
18 uncollectibles, driven those up to unprecedented levels,
19 driven our collections down.

20 And without the dollars from those uncollectibles in
21 collections, the company is in danger of not having enough
22 money to pay its bills in order to continue to provide safe
23 and adequate service.

24 So the company proposed this clause that would
25 essentially do this. It would either collect the dollars

1 from customers through its collection efforts, which has
2 increased to unprecedented levels, or the clause would
3 charge all of the rest of the customers a small amount to
4 back us up; to essentially give us an insurance policy.

5 Now, the good news is that our current collections
6 efforts, which you probably read about in the newspaper, are
7 working; at least at the present time.

8 At the present time, if things continue as they have,
9 we will not have to charge any additional amount through the
10 CRRC.

11 But the CRRC's still really important as an insurance
12 policy. Because if those efforts don't pan out, if for some
13 reason the gas costs continue to go up, as they seem to be
14 heading, and we absolutely must have those additional
15 dollars so we can issue bonds, make sure we have the dollars
16 to continue to invest in the network, in the system to make
17 it safe and adequate.

18 Second point. I'm very glad that you came tonight,
19 very happy to see you. We're hoping that you'll testify
20 under oath and make sure you present your opinions to the
21 Commission, to the rest of the representatives that we see
22 here tonight. It's very, very important for us and for the
23 Commission to know exactly where you stand.

24 Thank you very much.

25 JUDGE RAINEY: Thank you, Mr. Clearfield.

1 Office of Trial Staff.

2 MR. SIMMS: Thank you, Your Honor.

3 My name is Johnnie Simms. I'm the chief prosecutor
4 in the Commission's Office of Trial Staff.

5 First of all, I want to take this opportunity to
6 welcome each and everyone here tonight. This is an
7 opportunity for you, the ratepayers of PGW, to express your
8 opinion regarding the CRRC petition.

9 I want to also take this opportunity to urge you to
10 speak on the record under oath so that the parties and the
11 Administrative Law Judge Rainey and the Commission can
12 consider your testimony as it makes its determination as to
13 the outcome of this petition.

14 Once again, I want to take this opportunity to
15 welcome you here today. And I look forward to your
16 testimony.

17 Thank you.

18 JUDGE RAINEY: Thank you.

19 Office of Consumer Advocate.

20 MR. POPOWSKY: Thank you, Your Honor.

21 My name is Sonny Popowsky. I'm the Consumer Advocate
22 of Pennsylvania. My job is to represent Pennsylvania's
23 utility consumers, including each of you who are ratepayers,
24 in matters before the Pennsylvania Public Utility
25 Commission.

1 Our office is opposed to the PGW request for a
2 reconcilable cash receipts clause. We have filed expert
3 testimony in opposition to that request.

4 But the purpose of our being here tonight is to hear
5 from you. I appreciate your coming out here. I know some
6 of you probably were unable to get into the room the last
7 time we had our hearing. And I really appreciate your
8 coming out here, and I look forward to hearing your
9 testimony.

10 Thank you.

11 JUDGE RAINEY: Thank you.

12 (Applause.)

13 JUDGE RAINEY: Office of Consumer Advocate.

14 MS. JONES: Yes, thank you, Your Honor.

15 My name is Angela Jones. I represent the Office of
16 Small Business Advocate. And as my colleagues have stated,
17 we are here to hear your opinion of the proposed cash
18 receipts reconciliation clause of PGW.

19 Our office is on record as opposing their proposal.
20 But our purpose here tonight is to hear from you, the
21 ratepayers.

22 I thank you for coming out. I will be available at
23 any breaks or after the proceeding if you wish to discuss
24 matters with me privately.

25 But as my colleagues have already stated, I encourage

1 you to testify under oath so that the Commission, the Judge,
2 as well as the parties can use your opinions.

3 Thank you. And I look forward to your testimony.

4 JUDGE RAINEY: Thank you, Ms. Jones.

5 (Applause.)

6 JUDGE RAINEY: Action Alliance, et al.

7 MR. BERTOCCI: Thank you, Your Honor.

8 My name is Philip Bertocci, and I'm an attorney with
9 Community Legal Services. I represent three low-income
10 groups, Action Alliance for Senior Citizens, Tenants Action
11 Group and ACORN.

12 We absolutely oppose this CRRC. We also believe that
13 it's totally unnecessary, that PGW's going to have more cash
14 at the end of this fiscal year.

15 But we're here to hear what you have to say. We're
16 impressed by the turnout this evening and we look forward to
17 hearing what you have to say.

18 (Applause.)

19 JUDGE RAINEY: Thank you.

20 Senator Fumo, et al.

21 MR. HICKS: Thank you, Your Honor.

22 Good evening, ladies and gentlemen. Please forgive
23 my informality, but it's hot up here tonight.

24 I'm a private attorney. But I am an attorney who
25 represents a number of public officials, and I have my list,

1 because I don't want to miss any.

2 The public officials that I represent, I represent
3 them both in an individual capacity as customers of PGW, and
4 in their representative capacity as elected officials in the
5 City of Philadelphia.

6 They include Senator Vincent Fumo, Senator
7 Michael Stack, Senator Anthony Williams, City Council
8 President Anna Verna, Council Members James Kenney,
9 Frank DiCicco, Michael Nutter, David Cohen, Joan Krajewski,
10 Juan Ramos, and Philadelphia District Attorney Lynn Abraham.

11 Each one of my clients oppose PGW's CRRC. Big
12 phrase; but it's basically a proposal to have people who pay
13 their bills pay for people who don't pay their bills.

14 They all oppose it as fundamentally unfair. And
15 that's why I'm here.

16 Thank you.

17 (Applause.)

18 JUDGE RAINEY: Thank you, Mr. Hicks.

19 Now we're about to get to what is most important this
20 evening, which is your testimony. I'd ask prior to giving
21 your testimony that you provide and spell your name, that
22 you provide your address, that you state whether or not you
23 are a PGW customer, and that you also state who you are
24 representing here this evening.

25 Now, before we get to the testimony, I'm going to ask

1 if the elected officials who are here want to say a few
2 words. And I know that Senator Stack wants to do so. He
3 did testify at the public input hearing that was held at the
4 Doubletree. But we will certainly recognize him and give
5 him an opportunity to say a few words.

6 Senator Stack.

7 (Applause.)

8 **Whereupon,**

9 **SENATOR MICHAEL J. STACK**

10 **having previously been duly sworn, testified further as**
11 **follows:**

12 **DIRECT TESTIMONY**

13 SENATOR STACK: Thank you, Judge Rainey. Thank you
14 for giving me the opportunity to make a quick statement.

15 I'd much rather hear from my constituents tonight,
16 because I know this issue affects them all, and in a very
17 emotional way, as you do too, from the previous hearing.

18 I just wanted to just state one more time that I
19 really believe that this is a surcharge that punishes
20 responsible ratepayers for being responsible, and makes them
21 pay the bills of those that are deadbeats.

22 So I am opposing this cost adjustment, this rate
23 hike, whatever you would like to call it, both from a legal
24 standpoint, and legislatively.

25 And I will not go on with this; I just wanted to let

1 you know once again my position, and to let my constituents
2 know my position. And I'd much rather hear from them
3 tonight.

4 So once again, thank you for convening this hearing.
5 And I look forward to hearing my neighbors. Thank you very
6 much.

7 JUDGE RAINEY: Thank you, Senator Stack.

8 (Applause.)

9 JUDGE RAINEY: I note that Senator Allyson Schwartz
10 is also here. And I note that testimony was previously
11 presented on her behalf at one of the other public input
12 hearings. But certainly we'll allow her to an opportunity
13 to say a few words if she so desires.

14 Senator Schwartz?

15 (Applause.)

16 **Whereupon,**

17 **SENATOR ALLYSON Y. SCHWARTZ**

18 **having been called as a witness, testified as follows:**

19 **DIRECT TESTIMONY**

20 SENATOR SCHWARTZ: Thank you very much. And I
21 appreciate the opportunity to say a few words and in person
22 be able to express my very strong feelings also about the
23 fact that this is not good public policy. It is not fair at
24 all to the responsible paying public who pay their bills on
25 time.

1 And particular at a time when we have seen the rates
2 go up, the costs go up dramatically, that we see many of
3 PGW's customers really struggling to pay their bills on
4 time, and they do so.

5 And so to punish them by adding a surcharge is just
6 the wrong thing to do. And I do strongly oppose it in my
7 role as state senator, of course, and -- maybe I'm not
8 supposed to mention, I'm also a candidate for congress. But
9 on behalf of my future constituents potentially, I do want
10 to say that it is just simply wrong.

11 And it's also wrong to let PGW off the hook for its
12 own management practices. And while they have recognized
13 themselves that they have had to really reform much of the
14 internal management, including the collection of bad debts,
15 that those who are responsible ratepayers should not have to
16 make up for what was poor management.

17 And again, I understand that PGW's trying to make
18 some changes in that, but they're nowhere near where they
19 have to be. And they acknowledge that themselves.

20 So the combination of the increasing rates and
21 increasing costs of gas to ratepayers and the fact of the
22 poor collections and the fact that PGW is just not where it
23 should be from a point of view of management, you just
24 cannot punish, and should not punish, responsible ratepayers
25 for that. And I oppose it.

1 I wanted to make that statement in writing, as I did
2 last time I had a staff person be able to present that; but
3 I wanted to come in person tonight to express my very strong
4 feelings that the Public Utility Commission should not
5 approve this surcharge on responsible paying customers of
6 PGW. It punishes the wrong people, rewards the wrong
7 people, and is simply bad public policy.

8 Thank you very much.

9 JUDGE RAINEY: Thank you, Senator Schwartz.

10 (Applause.)

11 JUDGE RAINEY: Congressman Kenney, who, again, was so
12 instrumental in us being here this evening, Representative
13 Kenney also presented testimony at the Doubletree Hotel.
14 But we will give him an opportunity to make remarks at this
15 time.

16 Go right ahead, Representative Kenney.

17 **Whereupon,**

18 **SENATOR GEORGE T. KENNEY, JR.**

19 **having previously been duly sworn, testified further as**
20 **follows:**

21 **DIRECT TESTIMONY**

22 REPRESENTATIVE KENNEY: Thank you, Your Honor. And I
23 certainly want to thank you and the PUC for coming back to
24 Northeast Philadelphia.

25 As was mentioned, several weeks ago an overflow crowd

1 showed up to express their outrage at this surcharge,
2 deadbeat tax, whatever you want to call it, and
3 Senator Stack and myself and Representative Butkovitz felt
4 that our constituents didn't get enough time or didn't have
5 the capacity to step forward, and that's why you came back
6 tonight to offer constituents in Northeast Philadelphia the
7 opportunity to speak out again against this surcharge.

8 And we can call it wrong, unjust, unfair; it's just
9 unbelievable that we would allow as a matter of public
10 policy a company to charge those honest hardworking
11 ratepayers an additional charge on their bill for those that
12 just don't want to pay.

13 And there's about 130,000 of them. Probably some of
14 them do want to pay and can't afford it, and I think as
15 public policymakers it's up to the elected officials to work
16 on issues to find new monies to help those that are truly
17 vulnerable and poor, and we'll do that.

18 But for that group of ratepayers that just refuse to
19 pay, we have to step forward and send a clear message to PGW
20 that this is not the way to go.

21 As it was mentioned, the rate, you're collecting more
22 money than ever, you're moving in the right direction. But
23 I would say to the PGW, you're not in the insurance
24 business. You should not be putting insurance policies, or
25 I think you mentioned the term, you were looking for an

1 insurance policy on the back of honest ratepayers just to
2 give you a little comfort level in case you don't collect
3 what you're supposed to collect.

4 I think that's wrong. I would get off that term
5 "insurance policy." It's the wrong way to go. You're
6 moving in the right direction. Go collect from those that
7 don't want to pay or just scam the system, and that's where
8 you should be headed, and that's where we should send a
9 clear message.

10 And Your Honor, I thank you again.

11 JUDGE RAINEY: Thank you Representative Kenney.

12 (Applause.)

13 JUDGE RAINEY: I see there's another elected official
14 here.

15 I apologize for not knowing your name.

16 REPRESENTATIVE BUTKOVITZ: I'm Representative Alan
17 Butkovitz.

18 JUDGE RAINEY: Oh, Representative Butkovitz. Are you
19 here to give testimony this evening, Representative
20 Butkovitz?

21 REPRESENTATIVE BUTKOVITZ: Yes.

22 JUDGE RAINEY: Okay, let me swear you in then. I
23 didn't swear in the others because they had previously
24 presented testimony, and so their swearing in still held.

25

1 Whereupon,

2 **REPRESENTATIVE ALAN BUTKOVITZ**

3 having been duly sworn, testified as follows:

4 JUDGE RAINEY: Would you please provide your name and
5 spell your name for the court reporter, please?

6 REPRESENTATIVE BUTKOVITZ: It's Representative Alan,
7 A-L-A-N, Butkovitz, B-U-T-K-O-V-I-T-Z.

8 JUDGE RAINEY: And Representative Butkovitz, would
9 you provide your address?

10 REPRESENTATIVE BUTKOVITZ: 1118 Unruh Avenue,
11 Philadelphia. And I am a PGW customer.

12 JUDGE RAINEY: Okay. And who are you representing
13 here this evening?

14 REPRESENTATIVE BUTKOVITZ: I represent Oxford Circle,
15 Broadhurst and Bustleton.

16 JUDGE RAINEY: Thank you. Go ahead and give your
17 testimony.

18 **DIRECT TESTIMONY**

19 REPRESENTATIVE BUTKOVITZ: I also want to oppose the
20 approval of this surcharge. I want to point out a couple of
21 things.

22 Aside from the unfairness of having people who are
23 also hard-pressed to pay for people who just don't want to
24 pay, there's also a hardship argument.

25 Ever since I've been in Harrisburg there's been this

1 perception that seniors, that seniors in the northeast are
2 really well off relatively speaking. And the relevant
3 incomes are not that high.

4 We had this in '91 when we had a retirement tax
5 imposed. And at that time the census statistics indicated
6 that something like a third of the people in Oxford Circle
7 over 60 were living on incomes of \$15,000.

8 Now, maybe that's \$25,000 today. But trying to buy
9 prescription drugs, trying to buy food, trying to pay car
10 insurance, you're paying all of your utilities, and you get
11 a surcharge of even less than \$10.00 a month, that's not
12 just something that on principle is wrong and is unfair and
13 makes you resent the system, it is a real hardship.

14 And people who are in a position of policy-making,
15 whose incomes are much greater than that, need to have a
16 sense of what it would mean if you were getting by as a
17 retiree on a \$25,000 income whether a \$7.00 a month
18 surcharge or a \$10.00 surcharge or something you weren't
19 getting is the kind of thing that could prevent you from
20 buying things that you need.

21 The comment by PGW about approving this surcharge
22 just in case we need it, collection efforts are working; the
23 point is, management ought to be incentivised to be
24 aggressive about collecting the unpaid balances. They need
25 to be hungry to a certain extent.

1 All of us have been in a position where we've had to
2 go in, undergo comparison credit checks, have to prove our
3 income, have to prove our justification for not doing
4 things. The whole credit issue, the whole question of why
5 you didn't pay can be handled in a much more aggressive
6 basis.

7 The types of private groups that have developed very
8 strong records in specializing in that and getting
9 percentage repayments even on default loans, can be engaged.

10 What is the incentive for PGW to take an aggressive
11 action along those lines if somebody's going to pick up the
12 problem if they don't?

13 The whole point in utility regulation is to give them
14 an incentive to do a good management job. And there have
15 been a number of alternative legislative proposals made
16 about how this could be handled.

17 There ought to be another type of risk-spreading
18 mechanism. If you're talking about people who are not
19 homeowners and they are landlords, we could adopt a system
20 where landlords become a secondary source of responsibility
21 after a certain number of defaults. And it would be a more
22 efficient system of then engaging with the tenants and
23 collecting some percentage of the amount of money because of
24 the utility causes.

25 All of those ideas combine an aspect of fairness, an

1 aspect of understanding the hardship that is being borne by
2 all of the people on the system, and an aspect of
3 incentivizing a strategy of working at maximum efficiency on
4 the part of the utility.

5 So I think that the Commission should reject the
6 proposal for this surcharge and move towards consideration
7 of those alternative solutions.

8 JUDGE RAINEY: Thank you, Representative Butkovitz.
9 (Applause.)

10 JUDGE RAINEY: I now call on Herb Sumsky.

11 Mr. Sumsky, may I swear you in?

12 MR. SUMSKY: Yes.

13 **Whereupon,**

14 **HERB SUMSKY**

15 **having been duly sworn, testified as follows:**

16 JUDGE RAINEY: Would you provide your name and spell
17 your name for the court reporter, please?

18 THE WITNESS: My name's Herb Sumsky, S-U-M-S-K-Y.
19 I'm a PGW customer; and I'm a retired steam-fitter.

20 **DIRECT TESTIMONY**

21 THE WITNESS: I have a couple ideas of how to collect
22 the money, and maybe a solution to help.

23 I would freeze the penalty and the interest the gas
24 companies charge to these people that owe the money, and
25 then take a calculation of the last two years, the average,

1 and see what it comes out to.

2 Let's say the average comes out to about \$40 a month.
3 If the person has an arrear of, say, \$200, the maximum
4 payback would be two years. That would be the maximum for
5 everybody.

6 So approximately the person would pay \$40 a month on
7 the gas plus approximately \$5.00 on debt reduction.

8 Also, this is one thing I'm against, but I would
9 rather defer to put it, is put a \$5.00 tariff on every
10 customer, no matter who it is, commercial, and that money
11 would be set aside to pay down the debt on the gas works.

12 Two, the city should check up the debt and make sure
13 it is the actual debt, and speak to the bondholders, and
14 have that interest and penalties frozen.

15 And also, the gas company to come up with a certain
16 percentage of money with this \$5.00 tariff to pay down the
17 debt.

18 And the reason I'm saying this, the more expense and
19 overhead that the gas works has, the higher our gas bill will
20 be. So if the gas company's expense is cut down
21 drastically, then our gas bill will go down.

22 Thank you.

23 JUDGE RAINEY: Thank you, Mr. Sumsky.

24 (Applause.)

25 JUDGE RAINEY: Bob Hall.

1 Mr. Hall, may I swear you in?

2 MR. HALL: Yes, sir.

3 **Whereupon,**

4 **BOB HALL**

5 **having been duly sworn, testified as follows:**

6 JUDGE RAINEY: Please provide your name for the
7 record, and spell your name for the court reporter. Also
8 provide your address and state whether you're a PGW
9 customer, and who you're representing this evening.

10 **DIRECT TESTIMONY**

11 THE WITNESS: Thank you, Your Honor.

12 My name is Bob Hall; I live at 8753 Kosh (phonetic).
13 And that's H-A-L-L. And I am a Philadelphia Gas Works
14 customer, and I represent myself tonight, along with anybody
15 else who feels that they're being dumped on.

16 You know, I hear about the cost of gas. And I hear
17 about a rate increase that was asked for. Well, you know,
18 it's tough being a gas company customer, because you got to
19 pay \$12.00 a month to be a customer.

20 Now, I want to know what the gas company does with
21 that. If you got 500,000 customers in the City of
22 Philadelphia, which I understand when I went up to the
23 Internet today, they claim 518,000. I believe it's more.
24 But anyhow, that's what they claim.

25 If you times that by \$12.00, you're coming out with

1 \$74 million a year that they don't have no account for.
2 What are they doing with it?

3 That adds up to \$200,000 a day, every single day of
4 the year, 365 days. What do they do with that money?
5 There's no accounting.

6 And they can raise that, I guess, anytime they want
7 without even going to the PUC, because it's a customer
8 charge.

9 I would like to call on my representatives who are
10 here to get back to their job and call for a grand jury to
11 have the gas company investigated on what they're doing with
12 our money.

13 (Applause.)

14 THE WITNESS: We as customers certainly are not
15 seeing the value, we don't see the improvement in
16 infrastructure. We only see them asking for more money.

17 I want a grand jury investigation. I want the people
18 of Northeast Philadelphia to get behind it, to get their
19 representatives on the ball.

20 (Applause.)

21 THE WITNESS: You know, I can come up here and say
22 I'm against something. But I don't have any -- I have a
23 clout of one vote. That's all I have, one vote. Maybe I
24 control one or two more in my family.

25 But you know what? If you get this Northeast

1 Philadelphia upset, you're going to have quite a few people
2 starting to vote a little different.

3 Maybe they'll find one of themselves, and not
4 professional politicians to represent them, who only come
5 around when it's time for an election.

6 Now, I don't say that about everyone. I don't say
7 that about all the elected officials, because I went to
8 them, and their constituent services are fine.

9 If I need a street paved or a pothole fixed, it's
10 done. Constituent services are great. But going out and
11 handling something of this magnitude, they can't get
12 together. This is a big thing.

13 On the way over here tonight I just about made it
14 through this particular intersection on Green. Do you know
15 that behind me when I looked in my mirror there was four
16 people going through on red?

17 You know, that just shows what a state of
18 noncompliance we are with the laws in this city. We're
19 almost in a state of anarchy.

20 Look at our schools. They're an example of what's
21 going wrong. And nobody's getting up and saying, hey, look,
22 this got to stop.

23 If we have to build more prisons to house these
24 people that don't have regard to the law, we're just going
25 to have to build them. I'd rather pay an increase in taxes

1 for that than to pay an increase for the gas company, who
2 don't do nothing with it but put it in their pockets.

3 (Applause.)

4 THE WITNESS: You know, the position of the consumer
5 advocate is against this rate increase. But has he come out
6 before the public? Has he come out before us? And so what
7 can he do about it? Or is he just one voice too?

8 Sometime I'd like to know that. And all these people
9 on this side who claim to do a wonderful job for us. Just
10 because they oppose it is not enough, people. You got to
11 get out there and rally. You got to get out there and
12 demand an investigation and to see where this money's going.

13 (Applause.)

14 THE WITNESS: You know, only \$140 million -- and I
15 talk like that's nothing. Only \$140 million of the one
16 billion one debt is from people not paying.

17 Where is that \$960 million debt coming from to make
18 up that one billion one? I don't know where it is. Has PGW
19 ever come out and said where they're throwing that at? I'd
20 like to know.

21 Do they got corporate jets that fly around? Do they
22 take junkets all over the world? I don't know. That's why
23 I'm calling for an investigation. I want a grand jury.

24 And I hope the people of the northeast and the people
25 of Philadelphia get together with that and tell their

1 representatives that they've had enough.

2 That's all I have to say.

3 And, oh, Your Honor, I want to thank you for your
4 patience with me for the last time when I got a little out
5 of control of myself and I kind of went off. I hope you
6 don't take that as a bad sign.

7 But, you know, the people are fed up.

8 JUDGE RAINEY: No, not at all. Thank you for that,
9 Mr. Hall.

10 THE WITNESS: Thank you very much.

11 JUDGE RAINEY: Thank you for your testimony.

12 (Applause.)

13 JUDGE RAINEY: Karen Carroll.

14 Ms. Carroll, may I swear you in?

15 MS. CARROLL: Yes.

16 JUDGE RAINEY: Would you raise your right-hand,
17 please?

18 **Whereupon,**

19 **KAREN S. CARROLL**

20 **having been duly sworn, testified as follows:**

21 JUDGE RAINEY: Please provide your full name for the
22 record, and spell your name.

23 **DIRECT TESTIMONY**

24 THE WITNESS: Karen S. Carroll; K-A-R-E-N, C-A-R-
25 R-O-L-L. I live at 10913 Landino (phonetic) Lane, and my

1 utilities are included in my rent.

2 I became acquainted with this problem through my work
3 as a social worker, and also as a consumer. So I would like
4 to speak for the people that I'm familiar with that don't at
5 this point have a voice or much of a voice.

6 I happened to observe a city council discussion today
7 about also raising the water rates. And one of the things
8 that was said in that discussion was particularly disturbing
9 to me. And that's one of the reasons that I'm here tonight.

10 And that is that somebody said we can -- they were
11 talking about billing. And they said, well, it's tough to
12 get people to pay their electric bills.

13 But people can get along without electricity and gas,
14 but they can't live without water; they can't get along
15 without water. So if we turn their water off, they're going
16 to have to pay.

17 And when you boil that kind of an argument down, what
18 they're basically saying is, your money or your life. And
19 that's the kind of pressure that I think is really
20 intolerable in my mind.

21 That kind of thinking does not represent a social
22 policy that really supports the life of the community. And
23 this is very deeply disturbing to me.

24 Something else that I'm hearing that also concerns me
25 is the use of the word "deadbeat." And as somebody who

1 works with the underprivileged, and as somebody who is part
2 of the dwindling or failing middle class, I really object to
3 the moralization and the labeling of people who really
4 struggle to pay their bills, as being deadbeat; the people
5 who are having to make choices between medical care, or even
6 food, in order to pay their utilities.

7 And this is a traditional argument that's often used
8 on the part of people in public office to divert attention
9 from some real, deeper systemic problems.

10 And I would just ask you to stop blaming people who
11 are struggling and look deeper into the real cause of this
12 problem.

13 Thank you.

14 JUDGE RAINEY: Thank you very much, Ms. Carroll.

15 (Applause.)

16 JUDGE RAINEY: James Lavin.

17 Mr. Lavin, may I swear you in?

18 MR. LAVIN: Yes.

19 JUDGE RAINEY: Would you raise your right-hand,
20 please?

21 **Whereupon,**

22 **JAMES M. LAVIN**

23 **having been duly sworn, testified as follows:**

24 JUDGE RAINEY: Please provide your full name for the
25 record, and spell your name.

1 THE WITNESS: James M. Lavin, L-A-V-I-N.

2 JUDGE RAINEY: Your address?

3 THE WITNESS: 9758 Chapel Cross Street, Philadelphia
4 19115.

5 JUDGE RAINEY: And are you a PGW customer?

6 THE WITNESS: Yes, I am.

7 JUDGE RAINEY: And are you representing yourself here
8 this evening?

9 THE WITNESS: I am representing myself and the 4,727
10 people that signed my petition.

11 JUDGE RAINEY: Okay. Go right ahead with your
12 testimony.

13 **DIRECT TESTIMONY**

14 THE WITNESS: Approximately 200 signatures that came
15 to us after we delivered 4,725 at the last meeting held at
16 the Doubletree Hotel.

17 As you are aware, this is regarding the proposed
18 surtax that the Philadelphia Gas Works is asking to apply to
19 all the paying customers' bills in order to alleviate the
20 huge deficit that PGW has incurred due to the thousands of
21 people who have not paid their bills.

22 I understand that PGW has sent letters to all of the
23 135,000 people who still owe huge bills, and have informed
24 them that their gas would be shut off.

25 If these people haven't paid their bills all these

1 years, do you really think this letter would affect them?
2 They are just going to ignore it, and it's a waste of the
3 taxpayers' money to even mail them notices. Their service
4 should be terminated.

5 Again, we iterate that the management of PGW is
6 responsible for allowing this deficit to occur for all these
7 years, and the mismanagement should be addressed by the PUC
8 before any surcharge or future gas increases are granted.

9 Thank you.

10 JUDGE RAINEY: Thank you, Mr. Lavin.

11 (Applause.)

12 THE WITNESS: May I give you these, sir?

13 JUDGE RAINEY: Yes.

14 (Documents handed to Judge Rainey.)

15 JUDGE RAINEY: Thank you.

16 Emily Rutecki.

17 May I swear you in?

18 MS. RUTECKI: Yes.

19 JUDGE RAINEY: Please raise your right-hand.

20 **Whereupon,**

21 **EMILY RUTECKI**

22 **having been duly sworn, testified as follows:**

23 JUDGE RAINEY: Provide your name and spell your name
24 for the court reporter, please.

25

DIRECT TESTIMONY

1
2 THE WITNESS: My name is Emily Rutecki. It's R-U-T-
3 E-C-K-I. I live at 8823 Roosevelt Boulevard.

4 It will be two years that I'm living there in August.
5 I lived in Frankfurt for 58 years, never had a problem with
6 the gas.

7 But once the people moved in that are renting the
8 houses, we have a neighbor which the gas company allowed her
9 bill to reach \$2,630. That's when they finally shut her gas
10 off. That was at the end of August.

11 Then my daughter is a social worker. She goes to
12 public housing. In the wintertime they have the gas on
13 high, they walk around in summer shorts and underwear.

14 Now, who's paying for their gas bills?

15 (Applause.)

16 THE WITNESS: We are the ones. Who's paying for the
17 people in the Philadelphia housing projects? We are, aren't
18 we?

19 Now we are responsible for their bills? I don't
20 think that is fair.

21 I don't have anything more to say. I wish that would
22 be taken care of. Why do you think that we have so many
23 houses that are going up on sheriff's sale? Do you read the
24 paper? There's pages and pages of people moving out. And
25 they're losing their homes because they cannot afford to pay

1 their bills.

2 Thank you.

3 JUDGE RAINEY: Thank you, Ms. Rutecki.

4 (Applause.)

5 JUDGE RAINEY: Roslyn Robbins.

6 Let me swear you in.

7 **Whereupon,**

8 **ROSLYN ROBBINS**

9 **having been duly sworn, testified as follows:**

10 JUDGE RAINEY: Provide your name and spell it for the
11 court reporter.

12 THE WITNESS: Roslyn Robbins, R-O-B-B-I-N-S.

13 JUDGE RAINEY: And your address?

14 THE WITNESS: 1700 Tuscan Street, Philadelphia.

15 JUDGE RAINEY: And are you a PGW customer?

16 THE WITNESS: Yes, I am. Do I have a choice?

17 JUDGE RAINEY: And are you representing yourself this
18 evening?

19 THE WITNESS: Myself and my neighbors.

20 JUDGE RAINEY: Go right ahead.

21 **DIRECT TESTIMONY**

22 THE WITNESS: I don't have anything prepared.

23 Basically I'm quite angry because I was at the last hearing
24 and I was one of the 4- or 500 people that couldn't even get
25 in the door.

1 So today I just want to say that I live in a duplex.
2 The gentleman upstairs from me had to call the gas company
3 every month for five months and say, where is my bill. He
4 didn't get one until it was over \$1,000. Here's somebody
5 that was willing to pay.

6 I personally had a squabble with the gas company. I
7 pay my bill every month. We have a discrepancy of \$30 that
8 we disagreed on. This is almost two years ago.

9 I get letters from collection agencies, I get letters
10 from attorneys. Did anybody ever try to sit down with me
11 and discuss this? No.

12 And last but not least, my child lives in Bucks
13 County in a four-bedroom single home. His heat costs less
14 than my head does in a two-bedroom apartment in Northeast
15 Philadelphia. Tell me why. Nobody has an answer for me; do
16 they?

17 (Pause.)

18 THE WITNESS: Sir?

19 JUDGE RAINEY: You're questioning me with regard to
20 why your --

21 THE WITNESS: I want to know why it costs less to
22 heat a four-bedroom home in Bucks County than it does a two-
23 bedroom apartment in Northeast Philadelphia.

24 JUDGE RAINEY: I'm certainly not prepared to answer
25 that question. And of course --

1 THE WITNESS: Oh, I believe some of the public
2 officials did on the May 5 meeting when they said our rates
3 are much higher than anywhere else. Just nobody wants to
4 address that.

5 Thank you.

6 JUDGE RAINEY: Thank you, Ms. Robbins.

7 (Applause.)

8 MR. CLEARFIELD: Your Honor?

9 JUDGE RAINEY: Yes, Mr. Clearfield.

10 MR. CLEARFIELD: If Ms. Robbins wants to come up
11 after or at the break and give me her information, I'll have
12 somebody look into her issue with respect to the billing
13 dispute.

14 JUDGE RAINEY: Okay, very good.

15 And that applies to anywhere else here who has any
16 personal problems with their bill which they would like to
17 discuss with PGW. They can discuss that with Mr. Clearfield
18 at the conclusion of this hearing.

19 Jean McCray.

20 May I swear you in?

21 MS. MCCRAY: Yes.

22 JUDGE RAINEY: If you'll raise your right-hand.

23 **Whereupon,**

24 **JEAN McCRAY**

25 **having been duly sworn, testified as follows:**

1 JUDGE RAINEY: Please provide your name for the
2 record and spell your name.

3 THE WITNESS: My name is Jean McCray. Last name is
4 spelled M-C capital C-R-A-Y. I live at 7409 Belden Street,
5 Philadelphia. Zip code is eleven.

6 JUDGE RAINEY: And are you a PGW customer?

7 THE WITNESS: Yes. And do I have another choice?

8 JUDGE RAINEY: Please proceed with your testimony.

9 **DIRECT TESTIMONY**

10 THE WITNESS: I don't think anybody here has any idea
11 that people who retire are on a fixed in come. And they do
12 believe that they can pay their bills. And their pensions
13 do not go up. Only your bills go up. And the rate that
14 they charge you goes up.

15 And I do not believe that the gas company has
16 justified the rate increase or this surcharge for people
17 that do not pay their bills to anyone in this room.

18 I'm here representing myself, and I am a
19 committeewoman in the 56th Ward, Fourteenth Division.

20 I would not have known about this meeting unless I
21 got my paper yesterday, and it happened to be the Northeast
22 Times, when I skimmed through on page seven and saw the
23 notice of the meeting.

24 I don't think it was published enough. It was not in
25 the paper this morning. And I called everybody I could

1 think of to come. Of course, we're opposite the Flyers
2 game.

3 But I have one constituent that is handicapped. She
4 has muscular dystrophy. She works at K-Mart. She has been
5 cut down to one day a week. She makes \$60 gross per week.
6 She also gets social security disability, which is \$404 a
7 month.

8 She pays her bills. She might go without food. And
9 all the neighbors are pitching in to help her out.

10 I do not think that we have to support her and help
11 her when other people are not paying their bills.

12 (Applause.)

13 THE WITNESS: And for this person who is 44 years old
14 to pay her bills, I think that's darn good. And other
15 people are sitting there and saying, oh well, that's all
16 right, I don't have to pay. This girl tries.

17 And I would like some justification for the heating
18 system insurance when my constituent across the street was
19 85 years old, his heat went out; he waited four days in the
20 cold. He had an 85-year-old wife. He has since passed
21 away.

22 He waited four days with no heat in that house. And
23 I don't think that's fair and adequate service for somebody
24 that pays for a contract.

25 Because personally, I went somewhere else. And mine

1 is 24 hours. And if I can get service from an individual
2 company for less than I would get from the gas company, and
3 they will be out within 24 hours, I fail to see why the gas
4 company cannot provide adequate service for people without
5 heat entirely in their house, and they have paid.

6 And that's about all I have to say. I keep my heat
7 down to 68. If my mother was still alive, I couldn't do
8 that. But if I can turn my heat down and I can pay my
9 bills, I retired early, I will pay my bill, but I resent
10 paying for people that abuse paying their bills.

11 (Applause.)

12 THE WITNESS: That's all.

13 JUDGE RAINEY: Thank you, Ms. McCray.

14 Tom McAvoy.

15 **Whereupon,**

16 **THOMAS McAVOY**

17 **having been duly sworn, testified as follows:**

18 JUDGE RAINEY: Please provide your full name, and
19 spell your last name for the record.

20 THE WITNESS: Thomas McAvoy. McAvoy's spelled M-C
21 capital A-V-O-Y. My address, 1112 Wakeling Street, 19124.
22 And I am a ratepayer of the Philadelphia Gas Works.

23 JUDGE RAINEY: Please go ahead.

24 **DIRECT TESTIMONY**

25 THE WITNESS: All I would like to say is, since the

1 Philadelphia Gas Works is broke and continuing to lose
2 money, I have one question. Will the Philadelphia Gas Works
3 during the warm weather shut off the gas service of the
4 people who don't or won't pay their gas bill?

5 It doesn't make sense to allow this situation to just
6 go on indefinitely. It is unfair and unbusinesslike. If
7 people have difficulty paying their gas bill for good
8 reason, there are other means to help them to make the
9 payments. For example, LIHEAP.

10 I would like somebody to be able to answer that
11 question. Cut off this problem, cut off the service of the
12 people who are not paying.

13 That's all I have to say, Your Honor.

14 JUDGE RAINEY: Thank you, Mr. McAvoy.

15 (Applause.)

16 JUDGE RAINEY: Those are all the names that I have on
17 the two sheets in front of me. Let me check to see whether
18 or not any others have signed the sign-in sheet.

19 (Off-the-record pause.)

20 JUDGE RAINEY: We're back on the record.

21 Sandra Kelberg.

22 May I swear you in?

23 MS. KELBERG: Yes.

24
25

1 Whereupon,

2 **SANDRA KELBERG**

3 **having been duly sworn, testified as follows:**

4 JUDGE RAINEY: Please provide your full name and
5 spell your name for the court reporter. Also provide your
6 address, state whether you're a PGW customer, and who you're
7 representing.

8 THE WITNESS: My name is Sandra Kelberg, K-E-L-
9 B-E-R-G. I live at 10815 Cawley Road. I am a PGW customer.
10 And as everyone else said, I don't have a choice.

11 JUDGE RAINEY: Are you representing yourself here
12 this evening?

13 THE WITNESS: I'm representing myself. I didn't
14 expect to get up here and speak. Also my neighbors and my
15 90-year-old mother.

16 JUDGE RAINEY: Go right ahead.

17 **DIRECT TESTIMONY**

18 THE WITNESS: I have a mother that's 90 years old
19 that has never missed paying a bill. Never. She reads
20 things in the paper, she hears things on the news, and she
21 gets very upset.

22 It will come to the point where she asks me, do I buy
23 medicine or do I pay bills. This is not fair. She's 90
24 years old, lives in her own apartment and pays her own
25 bills.

1 believe it. I don't use gas, I don't do this, I don't do
2 that. And the bill comes for \$100, \$80.

3 (Applause.)

4 THE WITNESS: And I don't understand where these
5 numbers are coming from. How much is extra records that
6 cubic feet of gas to become all of a sudden triple or
7 quadruple for one cubic foot.

8 When I move to this community I paid \$9.00 for gas.
9 Now I'm paying \$70. And you explain to me.

10 I don't believe that the management of PGW is
11 responsible. I don't believe that PUC can follow them, and
12 how far they can follow them.

13 I have questions to PUC actually to ask them if this
14 company cannot manage their money, then they have to get
15 backup and somebody has to provide for us other supplies for
16 gas.

17 (Applause.)

18 THE WITNESS: You see, they always want to have a
19 competition. Why is there that we have only PGW? This is a
20 question to the city, to officials, to whoever governs them,
21 whoever they pay to and whoever doing this kind of
22 underground political games.

23 But I don't believe that people of like us have to
24 covering, you see. And what you know it is going to come
25 to, I think we should be united and stop paying bill for

1 anything, and use the gas. Use the gas and stop paying.

2 So we'll see when, you know, like nobody's going to
3 pay, then they maybe do something, is the estimate, is the
4 calculate, and therefore the price would go down. That's
5 very possible.

6 Like the same with the gasoline. If people would be
7 united, we wouldn't have prices like that. I never heard
8 that gasoline could go that far if we have so many other
9 expenses.

10 If our colleges are so expensive, if people don't
11 have public transportation that works like in every other
12 country in the world, if pharmaceuticals are so expensive
13 that nobody can afford.

14 Retired people cannot afford. Retired people even
15 don't have pharmaceuticals. Give us a break. Where is our
16 government who's supposed to protect us and represent us.

17 (Applause.)

18 THE WITNESS: I don't know; is there anyone from that
19 PGW sitting there?

20 JUDGE RAINEY: PGW's counsel is on my left.

21 THE WITNESS: Oh. That's the only person? Is it
22 only you who can represent such a huge company? And how
23 much you're paid for sitting here, and what you're going to
24 do? What you're going to do with all this testimony?

25 (Applause.)

1 THE WITNESS: Do you have at least a tape recorder
2 that maybe your CEOs is say, well, we have to resign; or we
3 should stop getting millions of dollars in our pays and our
4 all kind of other, you know, like under-pays and all kinds
5 of tax exchange and whatever you can mention. And maybe
6 that will allow us to kind of get relief.

7 And the second thing I want to ask. Where are those
8 people who doesn't pay? Why they're not here? Why don't
9 you bring them to a public, you know, like discuss things so
10 people will see them?

11 And I bet you that they are running the gas to the
12 top. As somebody mentioned here, they're walking bare feet
13 in the winter, and I am wearing three sweaters in my cold.
14 And what for?

15 This is so unfair to people like who pays to support
16 your company.

17 Like couple years ago I saw these like this surcharge
18 and that surcharge, there's another surcharge. And I said,
19 why do we have all these surcharges? I want to ask
20 questions, and I want to have in writing your CEOs or your
21 people who supposed to respond to us and answer.

22 This is absolutely, you know, going out of hand.
23 Every company rips you off in the daylight. And it is like
24 when a robber goes to the bank and robs the bank, the police
25 chase him and put him to prison.

1 When PGW robs you day after day after day, they walk
2 away, they charge even more. And this is absolutely the
3 same robbery. Absolutely. It's basically go in our pockets
4 and rob us.

5 I want to have answers from people who are
6 responsible for it. The company who cannot manage their
7 money should be bankrupt, like thousands of other companies
8 who couldn't -- who stole the money, like Tycho and Enron.
9 How come PGW is not in the same group?

10 Because we don't know. Why is it that you have to
11 wait so long to have a billion dollars in debt? Is your
12 accountant is wrong? Is your CEO wrong? Is your president
13 wrong? Who is wrong?

14 How long it takes to get a billion dollar in debt? I
15 really don't understand.

16 And how come you're the only company who supplies
17 gas? We have to ask our city officials and whoever, you
18 know, that does for us, like the PUC company. Why do we
19 have only PGW? We want to get rid of them. They are no
20 good for us. They supply gas, and we think that they're
21 overcharging us.

22 Well, that's it. Could I have an answer in writing?

23 MR. CLEARFIELD: Ma'am, first of all, there is a
24 transcript being made of everything that's being said
25 tonight, and we'll be reviewing that carefully.

1 THE WITNESS: I would like to have continuous dialog
2 with your people.

3 MR. CLEARFIELD: Well, if you have specific questions
4 after the hearing and you want to come up to --

5 THE WITNESS: I already asked my question. Thank you
6 very much. I already asked the question. Company who
7 cannot manage their business should go bankruptcy, and not
8 ask other people to support them.

9 Because from that we don't know whether we should
10 support them to cover their billion dollars that they lost.
11 If they lost the money, that's their business.

12 So your CEO is not going to get, you know, like all
13 these benefits. Maybe a couple CEO should go, and somebody
14 more smart, maybe a little guy in the back will do better.
15 That's a good suggestion for PGW.

16 Thank you very much.

17 JUDGE RAINEY: Thank you, Ms. Shan.

18 (Applause.)

19 JUDGE RAINEY: Camye Parker.

20 MS. PARKER: Hello.

21 JUDGE RAINEY: Hi, Ms. Parker. May I swear you in?

22 MS. PARKER: Yes.

23 **Whereupon,**

24 **CAMYE PARKER**

25 **having been duly sworn, testified as follows:**

1 JUDGE RAINEY: Please provide your full name and
2 spell your name. Also provide your address, state whether
3 you're a PGW customer, and who you're representing here this
4 evening.

5 **DIRECT TESTIMONY**

6 THE WITNESS: My name is Camye Parker. My name is
7 spelled C-A-M-Y-E, Parker. I live at 6930 North Nineteenth
8 Street, Philadelphia, PA 19126. I have been a resident all
9 of my life in Philadelphia. I left here, went to college,
10 came back, and I have lived at my same address for almost 30
11 years.

12 I'm representing myself. I also am representing the
13 working poor through the group that I volunteer with, the
14 Eastern Service Workers Association.

15 And these are people like myself -- well, I can't
16 quite claim myself alone, but people who are the working
17 poor.

18 These are people who work every day, or work to find
19 a job every day, but yet the household income is low, and
20 lower than average.

21 I don't hear anyone speaking for them. I hear the
22 blame being put to them for not being able to meet their
23 bills.

24 However, the obligation should be that we heat and
25 give people the hot water and gas heat that they need and

1 can afford or cannot afford.

2 And if you're going to be complaining about people
3 not paying, reconsider about the fact that some of them
4 can't afford to pay as the rates are moving up.

5 Now, myself, I'm on disability. I have to admit I
6 have an income higher than average. But at the same time,
7 my income hasn't gone up in the last seven years. But my
8 bill has.

9 I have no children, I have just two in the household.
10 My bill started at \$12.00 for just hot water, and now it's
11 up to something like \$48. I used to pay every quarter.

12 I haven't done anything differently. I'm not living
13 large. And the people who are working every day, like the
14 lady who works at K-Mark, a service worker, her income is
15 low.

16 Now, what are we doing to help them and to address
17 that issue?

18 (Applause.)

19 THE WITNESS: I agree that people need to pay their
20 bills. But I think that we can all agree that if you work
21 your whole life, and you work to pay your bills, and you
22 find that you still can't manage because we still have
23 expenses that are increasing well above inflation -- and
24 inflation is not necessarily affecting the pocketbook of
25 people. It's affecting the expenses, but it's not producing

1 the income. What do we do about that?

2 So I don't want the blame to be just we want to be
3 passing the buck along on who can pay and who can't pay, and
4 we're paying their bills. I want you to readdress the issue
5 of whether or not we are just going outrageous with the
6 costs. That's my issue.

7 As I said, I have not changed my location. I've
8 lived at my house for 28 years, I have no children. My
9 water bill is not changing.

10 But I can tell you this, my friends have a hard time
11 paying their bill. Hot water and gas heat is expensive.

12 I'll tell you the truth. I had a choice between gas
13 heat or oil heat. You know, I kept with the oil heat.
14 Because I figure if you're going to turn me off, it's only
15 going to be me.

16 But at the same time, I've got friends that I have to
17 actually go over and help sometimes give them monies to keep
18 their gas on.

19 I shouldn't have to do that. I'm not rich. But I
20 will say this. It doesn't seem like anybody is worrying
21 about how we control our costs.

22 I am an accountant. You want me to work and do some
23 volunteer work with you to help be more economical? I'll do
24 that. I got the background for that.

25 But I still think we forgot that these costs are

1 rising well above the necessary expense.

2 Thank you.

3 JUDGE RAINEY: Thank you, Ms. Parker.

4 (Applause.)

5 JUDGE RAINEY: Leo Gallagher.

6 **Whereupon,**

7 **LEO A. GALLAGHER**

8 **having been duly sworn, testified as follows:**

9 JUDGE RAINEY: Please provide your full name, and
10 spell your name.

11 THE WITNESS: Leo A. Gallagher, G-A-L-L-A-G-H-E-R.
12 Address, 10909 Lockhart Road, Philadelphia. I'm a PGW
13 customer.

14 JUDGE RAINEY: Go right ahead with your testimony.

15 **DIRECT TESTIMONY**

16 THE WITNESS: This is a total insult to the citizens
17 of the City of Philadelphia, and especially the senior
18 citizens who struggle each time to pay their bills, each
19 month, to pay their bills on time.

20 The mayor has come out and said publicly he thinks
21 this is a good idea. But then why shouldn't he? He didn't
22 pay his bill.

23 (Applause.)

24 THE WITNESS: You want to know why Philadelphia is
25 losing, you want to know why Philadelphia is now behind

1 Phoenix in population, just look at the potholes like this.
2 It's a total disgrace. And if you go through with this, I
3 hope people just don't pay it. Because I don't think I will
4 pay it.

5 (Applause.)

6 THE WITNESS: Just won't pay it. Why should we pay
7 it? I'll pay for the gas that I use, but I'm not going to
8 pay for somebody who won't pay their bill.

9 Thank you very much.

10 JUDGE RAINEY: Thank you, Mr. Gallagher.

11 (Applause.)

12 JUDGE RAINEY: Mr. Gallagher was the last name on my
13 list. Is there anyone else here who would like to testify?

14 Yes, ma'am. Come right up.

15 (Pause.)

16 **Whereupon,**

17 **DIANE RETZEACK**

18 **having been duly sworn, testified as follows:**

19 JUDGE RAINEY: Please provide your name and spell
20 your name.

21 THE WITNESS: Diane Retzeack, R-E-T-Z-E-A-C-K.

22 JUDGE RAINEY: And Ms. Retzeack, would you provide
23 your address?

24 THE WITNESS: 12835 Cliffy Drive.

25 JUDGE RAINEY: Are you a PGW customer?

1 THE WITNESS: Yes, I am.

2 JUDGE RAINEY: Go right ahead with your testimony.

3 **DIRECT TESTIMONY**

4 THE WITNESS: This is certainly not prepared. I'll
5 do the best I can.

6 My husband and I are like in between senior citizen.
7 I'm not old enough, and I'm sure I'm going to have enough
8 money left to make it, but I'm not so young that I can
9 really go back to work.

10 When we got married, we were widowed, and when we got
11 married we chose to stay in the city. We looked at the
12 whole makeup of everything and thought, no, we want to
13 devote ourselves to staying in the city in the sense I've
14 done a lot of civic work.

15 I've served on the advisory council for Fairmont
16 Park, the Water Department Citizens Advisory Council, the
17 Seventh and Eight District Police Advisory Council, Town
18 Watch.

19 And I did all this because I wanted to, because I
20 believe the people have to give back for the people that
21 don't have anything.

22 We did accounting. We are not fortunate enough to
23 have a big defined pension. So we're the new generation of
24 people coming up that are going to be living on 401's and
25 403's and whatever we did.

1 We put a gas fireplace in our house when we bought
2 it, knowing that that would help keep the gas low. We have
3 a programmable thermostat.

4 As I said, both of us are accountants. I keep every
5 bill from every house I lived in on a ten-column sheet, the
6 amount of units, what I paid and all. So at a quick scan I
7 can tell how my gas bill has gone all the way back to when I
8 lived in Rowenhurst (phonetic) and Fox Chase.

9 I realize if we get poor enough, I guess there's
10 stuff to help us out. But most of us, and most of you did
11 not work all their lives to get themselves in a situation
12 where you are being nicked-and-dimed to death.

13 We have known for years that the gas company has been
14 poorly managed. This is not the first madness that the gas
15 company has been in.

16 And it does get to a point where your phone bill,
17 your gas bill, no matter how much when you retired you
18 planned on inflation, you can't keep doing this.

19 We're going to have a little too much money for one
20 thing, but not enough money for another thing. Some of the
21 trips that we planned, some of the things that we had wanted
22 to do, we've not been able to. Because actually the cost of
23 living has gone up more than what we projected it to be.

24 My husband has a defibrillator and has had open heart
25 surgery. Our gas goes down to 60 at night on the

1 programmable thermostat. But when it's really cold, I can't
2 keep it down. We have to turn our gas up. The man's health
3 is at stake.

4 May I ask you something? What is the rule for
5 shutting off gas? People keep saying, well, shut off the
6 people. Isn't there a rule that says if people don't pay
7 their gas bills, and then when the winter comes you have to
8 turn it on again?

9 JUDGE RAINEY: Well, there are regulations which the
10 Commission has with regard to termination of gas. And
11 there's no rule that says that you have to turn the gas back
12 on for a customer who has not paid their bill.

13 THE WITNESS: See, I've been vague about that for a
14 while, because I thought, well, if you turn them off now in
15 June, what is to say that somebody has to be turned on
16 again.

17 JUDGE RAINEY: There are certain rules that the
18 Commission has with regard to customer payments to have gas
19 restored. So that that has to be followed.

20 And then the company has its own tariff with regard
21 to that as well. So there are procedures that have to be
22 followed.

23 THE WITNESS: Uh-huh. Because nobody wants anybody
24 to freeze to death. And I hear that everybody else is
25 saying.

1 But at some point there has to be some better
2 management of what we are doing with the people that are
3 managing the corporations.

4 I am an accountant. I do understand a little bit
5 about money management. You can ask me; I can tell you
6 anything that costs me. I can tell you overhead,
7 depreciation; anything.

8 So there's a lot of stuff that I understand, that I'm
9 not just going to scream. I understand costs go up, I
10 understand the regulatory, the seasonal adjustment for gas.

11 But to really, what you're doing to the older people,
12 what we're doing to everyone, but especially older people
13 who really don't have a chance to go out and figure out how
14 to earn more money, unless I become a greeter at Wal-Mart;
15 and is causing them a tremendous amount of angst.

16 People who are in this auditorium, to me, speaking to
17 you, were raised with an ethic that we took care of what we
18 were responsible for.

19 And you can't keep putting that kind of stress on
20 people like that, whether they're going to worry whether
21 they're going to have enough money to pay their bills.
22 These people, and myself, are very dedicated. You know, our
23 bills go in, they've never been late.

24 That puts stress on people that can sometimes make
25 them need more medication, raise their blood pressure, do

1 things that they really -- and I don't think people ever
2 look at the toll of what that costs, you know.

3 So this is maybe just a little bit different slant on
4 it. But we have done everything. We've stayed in the city,
5 we've work for the city, we've tried to.

6 I don't really know where we're going to go at this
7 point, because we have made our decision. And our house is
8 more energy-efficient than our old house, and we do try to
9 -- but the costs are -- this is the first, I just looked at
10 him, I said, I can't believe this. I really can't believe
11 how high they've gone.

12 And maybe it's just another \$80. But do you know
13 that might pay your HMO, or that may buy your medicine, or
14 that might buy -- you know.

15 So when you guys are looking at all this, I hope you
16 begin to look a little bit harder on how to set up your
17 receivables to get them a little bit more collectible.

18 I know the water department had a lot of problems for
19 a long time. And they had bond issues. And I know that
20 they did a lot more to straighten out their collection rate
21 than what PGW has done so far.

22 I'd appreciate the same level, for the salaries that
23 the people are being paid, I would appreciate a better level
24 of competence.

25 Thank you very much.

1 JUDGE RAINEY: Thank you, Ms. Retzeack.

2 (Applause.)

3 JUDGE RAINEY: Ms. Pepe.

4 **Whereupon,**

5 **TEODOZIA PEPE**

6 **having been duly sworn, testified as follows:**

7 JUDGE RAINEY: Provide your full name and spell your
8 name.

9 THE WITNESS: My name is Teodozia Pepe. P-E-P-E is
10 the last name.

11 JUDGE RAINEY: Would you spell your first name as
12 well, please?

13 THE WITNESS: T-E-O-D-O-Z-I-A.

14 JUDGE RAINEY: And your address?

15 THE WITNESS: 4021 Fidler Street, in Philadelphia.
16 That's East Tarsdale.

17 JUDGE RAINEY: And you're a PGW customer?

18 THE WITNESS: Yes, I am. Have been for many years.

19 JUDGE RAINEY: Are you representing yourself here
20 this evening?

21 **DIRECT TESTIMONY**

22 THE WITNESS: Well, yes. I'm kind of disappointed on
23 the numbers, but as that woman prior to myself had been
24 speaking, I was wondering, how come.

25 I just came from work. I'm a real estate agent. I

1 think the reason you don't have a good showing is because I
2 just found it in the Northeast Times. And that comes out, I
3 just got it on my doorstep this morning, and had an
4 opportunity of looking at it. And that's how I found out
5 about this hearing.

6 It seems to me that it looks like the poor
7 individuals who are senior citizens, of which I'm almost
8 one, were the only ones to hear about this. So I hope that
9 you give somebody else an opportunity.

10 You know, \$81 is certainly not a lot of money. But
11 \$81 along with everything else that -- I am moving owners of
12 homes out every day from the City of Philadelphia to Bucks
13 County, to Montgomery County, to Florida.

14 You know, you have to be kind here, because everybody
15 is just has enough. Little petty prices; \$81. From what I
16 read in the paper today, the gas company's not doing too
17 well. The management is terrible. Billions of dollars is
18 owed to the gas company, and it certainly has to be from
19 mismanagement.

20 I certainly would hope that this \$81 just disappears.
21 Because it's just another nail in Philadelphia's coffin.

22 I've worked in the real estate business for sixteen
23 years. And ever since the transfer tax, when they passed
24 the transfer tax, that's when everyone started moving out.
25 And I'm one of the thousands of realtors who are doing the

1 job for them.

2 If you notice the Philadelphia, the directory, how
3 thin it is, how thick, it used to be. People like
4 Philadelphia, and they fight to stay here. But \$81 today,
5 what's going to be tomorrow or the day after.

6 You know, your firemen and policemen are the biggest
7 movers. They can't wait to get out of here.

8 (Applause.)

9 THE WITNESS: So I would think that you need to
10 decide that you got to go a different way. Perhaps getting
11 some better management within the company.

12 (Applause.)

13 THE WITNESS: And perhaps Philadelphia shouldn't own
14 the company. I think it should go to an entrepreneur who
15 knows how to manage something.

16 Thank you very much.

17 JUDGE RAINEY: Thank you, Ms. Pepe.

18 (Applause.)

19 JUDGE RAINEY: Ms. Pepe was the last person on my
20 present list. Let me make a last call for anyone who wants
21 to testify here this evening.

22 Is there anyone else who would like to testify here
23 this evening?

24 (No response.)

25 JUDGE RAINEY: If not, I would like to thank everyone

1 for appearing here this evening. Please have a very safe
2 journey home. And this hearing's adjourned.

3 (Whereupon, at 9:45 p.m., the hearing was adjourned,
4 to reconvene at a time and date to be designated by the OALJ
5 Scheduling Unit.)

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FORM 2

C E R T I F I C A T E

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

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