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WITNESS INDEX

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RE CROSS</u>
Joan Keyser	47	--	--	--
Walter Pieczynski	49	--	--	--
Maria Dirkson	55	--	--	--
Tina Nelsen	57	--	--	--
Sharif Street	60	--	--	--
Mary Blaszczyk	63	--	--	--
Sid Karp	67	--	--	--
Shirley Caldwell	70	--	--	--
Ricardo Pearson	71	--	--	--
Anna Marrero	73	--	--	--
Samuel Silver	78	--	--	--
William Chase	83	--	--	--
Carrie Kemp	87	--	--	--
Sallie Harris	88	--	--	--
Joseph Barr	89	--	--	--
Barbara Carey	93	--	--	--
Clara Ceaser	94	--	--	--
Fredrica Lightford	97	--	--	--
Arthur Plaxton	99	--	--	--
Edward Ferguson	103	--	--	--

WITNESSES (CONTINUED)

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Jewell Williams	106	--	--	--
Samuel Silver	113	--	--	--

-- 0 --

EXHIBIT INDEXNUMBERFOR IDENTIFICATIONIN EVIDENCE

(None.)

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P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE ALLISON TURNER: Let's go
3 on the record.

4 Now is the time and place for a public input
5 hearing in the matter of the Pennsylvania Public Utility
6 Commission versus the Philadelphia Gas Works docketed at
7 R-00005654 and R-00005654C001 and C002.

8 I show appearances from Irwin Popowsy and James
9 Mullins who are in the Office of Consumer Advocate.
10 Would you gentlemen like to stand? Mr. Popowsky is the
11 Consumer Advocate.

12 We have Angela Jones, who is representing the
13 Office of Small Business Advocate.

14 And we have the Chief Prosecutor and Assistant
15 Prosecutor, Charles Hoffman and John Simms. Would you
16 stand?

17 And Philip A. Bertocci for CEPA, TAG, ACORN and
18 Action Alliance.

19 MR. BERTOCCI: Good evening, everyone.

20 JUDGE TURNER: I have now introduced everyone. If
21 there is anyone I have omitted please -- Mr. Clearfield,
22 I'm sorry.

23 MR. RIZZO: Excuse me. I am Frank Rizzo, City
24 Councilman, just here to observe.

25 JUDGE TURNER: Good evening, Councilman. I am glad

1 you introduced yourself.

2 MR. RIZZO: Thank you.

3 JUDGE TURNER: I did skip right over the company
4 attorneys who have entered their appearances. It is
5 really an omission on my part and I do apologize.

6 Dan Clearfield has come down to represent the
7 company. Is there anyone else I should introduce here?

8 MR. CLEARFIELD: I have a short opening statement.

9 JUDGE TURNER: Okay. We will get to that.

10 Also, I have been requested to announce by one of
11 the representatives, who you will probably introduce
12 later, that PGW has two representatives here to meet with
13 customers who would like to meet with them. They will be
14 across the hall in our hearing room two, and we have
15 propped that door open if you need to go in and talk with
16 them at any point. Also, I will be taking a recess at
17 some point and you can do that.

18 All right. Let me take a few minutes to go over
19 the basic history of the case.

20 In early August PGW filed two rate requests with
21 the Commission. The first is the gas cost rate request,
22 and that is at a different docket, R-00005619. They want
23 to increase their gas cost rate from a \$1.09 and some
24 cents to \$2.79 per 1,000 cubic feet of gas. And that
25 would begin for the year September 1, 2000, through

1 August 31, 2001. These costs, which are for the purchase
2 of gas, are really recovered for a dollar-for-dollar
3 basis and mainly represent the gas of buying gas as well
4 as a few other items, including costs associated with the
5 senior citizen discount. They are set each year on a
6 prospective basis and then reconciled annually.

7 The second rate filing, which is our docket number
8 tonight, is for what has been called an interim rate
9 increase. This requested increase is approximately \$52
10 million, which is to be put into effect on an interim
11 basis pending the Commission's consideration of the full
12 base rate case which will be filed later. The company
13 has alleged that this rate relief is needed by early
14 November in order to allow the company to, and I am
15 quoting here, maintain a minimal adequate level of
16 financial health required to fund operations and meet
17 debt service requirements through the winter heating
18 season.

19 On August 17 the Commission by separate orders
20 granted the company's request that each of these
21 proceedings be done on an expedited basis, mainly so that
22 any rate decision can be put into effect prior to the
23 winter heating season. The Commission also imposed
24 certain conditions that would have to be met if any
25 interim rate relief were granted.

1 First, PGW must file a comprehensive base rate case
2 no later than January 1, 2001. Second, these interim
3 rates are subject to refund at the conclusion of the base
4 rate case if the Commission determines that a lower level
5 of rates is just and reasonable. Third, if the
6 Commission ultimately determines that a higher level of
7 rates are just and reasonable PGW will not be permitted
8 to recoup any additional revenues. And fourth, PGW will
9 commit to implementing its Transition to Excellence
10 program during this interim period. And the company
11 agreed to and accepted all four conditions.

12 A significant step in the hearing process is the
13 public input hearing and one of those is taking place
14 tonight. This is usually the only chance for ratepayers
15 to participate directly in the process right here in the
16 service territory. And I will explain later the
17 procedure which it would be appropriate to follow this
18 evening, but let me just outline what has happened so
19 far.

20 Judge Chestnut presided at a prehearing conference
21 in each case on August 25, 2000, where she and the
22 parties worked out an expedited schedule resulting in
23 Commission decisions in early November. Active
24 participants in addition to PGW include the Apartment
25 Association of Greater Philadelphia, the Office of Small

1 Business Advocate, the Office of Consumer Advocate, the
2 Philadelphia Industrial and Commercial Gas Users Group, a
3 group of consumer groups represented by Mr. Bertocci
4 including CEPA and the Association of Community
5 Organizations. The School District of Philadelphia will
6 be an inactive party. The Office of Trial Staff is
7 participating. Thomas Smith is an individual complainant
8 and Eugene Mallin, Sr. is also an individual complainant.

9 I hope I have not left anyone out. This is a list
10 provided to me by Judge Chestnut and that is who she
11 knows is going to be in the case.

12 I also have here a copy of the schedule. If
13 anybody would like a copy we can make it.

14 At this point all of the prepared testimony has
15 been filed or will be filed tomorrow. Hearings on the
16 interim rate case will be held here on September 27 and
17 28 and hearings on the GCR case will be held here October
18 4th and 5th.

19 When the hearings have been completed Judge
20 Chestnut will certify the record to the Commission. I
21 already said that. Please forgive me for repeating
22 myself.

23 Now, let me turn to how to testify. First of all,
24 there are three ways in which you may participate.
25 First, you may testify formally. I strongly encourage

1 that. If you testify formally under oath the Commission
2 can consider your testimony when it is deciding the case.

3 As I pointed out, Judge Chestnut will not be preparing a
4 recommended decision. This will go straight to the
5 Commission.

6 If you testify under oath you may be subject to
7 cross-examination. Please don't be intimidated by that.
8 I am sure all Counsel here will treat you courteously.

9 The second method of participation is for you to
10 make an off the record statement which we will not
11 transcribe. It will not go to the Commission. You are
12 certainly entitled to do that but as I say, I strongly
13 urge you to testify so it will be part of the record.

14 And finally, you can talk to the attorneys in this
15 case, the attorneys for the company or the public
16 advocates, which would be Mr. Popowsky, Mr. Mullins, Ms.
17 Jones, Mr. Simms and Mr. Bertocci and, of course,
18 Mr. Hoffman as well.

19 If you wish to testify please sign the testifying
20 sheet. I will call the names off in order and basically
21 ask people to make brief statements. I do not see any
22 need at this point to impose a time limit but if the
23 hearing appears to be going too late I will do that.

24 So far I have eight names -- nine names -- and I
25 will get another portion of the sign-in list in a little

1 while.

2 If a public representative, an elected official,
3 wants to give testimony I often will give them the
4 courtesy of testifying out of order. But Councilman
5 Rizzo says he does not want to make a statement.

6 Is that correct, sir?

7 MR. RIZZO: At this time. Thank you.

8 JUDGE TURNER: Okay. You are entitled to change
9 your mind.

10 And if Representative Kitchen's representative
11 comes here I will certainly allow him a chance to
12 testify.

13 Now, let me read out the names -- oh, one other
14 thing. No person who is testifying is required to be
15 recorded and televised. As you can see, there is radio
16 and TV coverage. I will assume that you want to be
17 covered unless you say no. So if you come up to testify
18 you will be taped unless you have an objection to that.
19 And you must let me know that.

20 All right. The names that I have so far -- what I
21 would like to do is have you all stand and raise your
22 right hands and I will swear you in as a group and then I
23 will call you one by one.

24 Joan Keyser.

25 Walter Pieczynski. Please remain standing.

1 Maria Dirkson.

2 Tina Nelsen.

3 Mary Blaszczyk. Please forgive me if I don't
4 pronounce your name correctly.

5 Sid Karp.

6 Shirley Caldwell.

7 Ricardo Pearson.

8 Anna Marrero.

9 Will you all please raise your right hands?

10 Whereupon,

11 JOAN KEYSER, WALTER PIECZYNSKI,

12 MARIA DIRKSON, TINA NELSEN,

13 MARY BLASZCZYK, SID KARP,

14 SHIRLEY CALDWELL, RICARDO PEARSON

15 and ANNA MARRERO

16 were duly sworn.

17 JUDGE TURNER: All answered in the affirmative.

18 Thank you. Please be seated.

19 We will start with Ms. Keyser.

20 MR. CLEARFIELD: Before you begin with the

21 testimony, Your Honor, I wonder if it would be
22 permissible for us to make a short opening statement.

23 JUDGE TURNER: Yes, you did say that you wanted to
24 do that. It should be a short statement because, of
25 course, tonight is the opportunity for the public to

1 testify. And if you want to give an opening statement I
2 will certainly have to give the public advocates an
3 opening statement possibility.

4 But why don't you begin, Mr. Clearfield.

5 MR. CLEARFIELD: Thank you, Your Honor.

6 JUDGE TURNER: And Ms. Keyser, we will get to you
7 shortly.

8 MR. CLEARFIELD: Good evening, ladies and
9 gentlemen. I am Dan Clearfield. I am representing PGW
10 in the proceeding before the PUC. I am a Harrisburg
11 resident but I grew up in Philadelphia, Northeast
12 Philadelphia. My mom still lives at Brighton and Leonard
13 and she gave me permission to be here tonight. So that
14 is at least a good start.

15 Also tonight for PGW we have Tom Knudsen, who is
16 the interim chief financial officer for the company. He
17 is here to hear your statements. Les Fyock, who is
18 vice-president of regulatory affairs. Lareto Farinas,
19 who is head of our customer dispute resolution unit.
20 With him is Ken Gins and Anthony Langford, who the Judge
21 mentioned is across the hall. All of them are here to
22 answer any questions that you have or to address any
23 issues you might have with PGW's service and to answer
24 questions either now or afterwards. If you can't wait
25 for the entire proceeding to complete you can grab one of

1 them and go outside in the hall. We really do want to
2 hear what you have to say and see if we can't assist you
3 if you have problems.

4 This is a historic occasion. This is the first
5 public input hearing being held by the PUC in Harrisburg
6 for PGW. We are hopeful that this is the beginning of a
7 very productive relationship between both PGW and the
8 PUC. And as Judge Turner has indicated, this is really
9 your session to tell the PUC what you think about the PGW
10 rate request that we have made.

11 I wanted to take a few minutes just to summarize it
12 for you so you understand our position. We have asked to
13 raise both your gas cost rate and also your base rates.
14 That total increase will mean about \$22 per month for the
15 average residential heating customer. That is about a 30
16 percent increase. We understand that is a stiff
17 increase.

18 There are three reasons why we have to ask for that
19 increase right now. First, as you all have probably
20 heard in the news, gas costs are going up. They are
21 going up dramatically. Every day they seem to be going
22 up again. Now, these increases aren't special to PGW.
23 All companies, really, have been experiencing this kind
24 of increase.

25 In fact, PGW has had a good record of keeping gas

1 costs down. The Consumer Advocate's witness that
2 testified in the proceeding testified that PGW's prudent
3 buying strategies had actually saved customers almost \$30
4 million in gas costs over the last year.

5 But wholesale costs just keep keep going up and up.
6 They have actually doubled in that time. So we have had
7 to ask that the GCR part, the gas cost part of your rate,
8 go up about 20 percent.

9 Now, what is the rest of the rate increase for?
10 Well, all the rest of our costs have also gone up. It
11 has been over eight years since PGW has increased its
12 base rates -- 1992 was the last base rate increase -- and
13 virtually every cost in the company has gone up.

14 Now, we have tried to hold the line but after three
15 straight years, the last three years, of very warm
16 winters, warmer than we usually experience, where we
17 didn't sell as much gas as we do in a normal winter we
18 got to the point where our revenues -- we believe that
19 our revenues just would not cover all the costs that we
20 have. And we wanted to make sure that we could do that.
21 We had to have financial reserves that are required by
22 our lenders. And probably most importantly we wanted to
23 make sure that our gas system continued to be as safe and
24 as reliable as possible. We need money to do that, to
25 replace mains, to do the maintenance and the inspections

1 that we all want us to do to make sure the system is
2 safe.

3 Now, we are asking for a ten percent rate increase
4 now to get us over the winter heating season. And then
5 the Commission -- we voluntarily agreed that the
6 Commission can start another proceeding to consider
7 in-depth the issues that surround PGW. So this is a very
8 important increase for us.

9 But it is important for another reason. You have
10 probably read that Mayor Street has installed a whole new
11 management team for PGW. Mr. Knudsen is one of the
12 representatives. They also include Steve Hershey. Steve
13 Hershey was the former public advocate that used to
14 testify for customers, on behalf of customers, in PGW
15 rate proceedings. Kumar Kishinchand, the head of the
16 water department, is part of that management team.

17 All three of them, in fact, the whole management
18 team, has dedicated themselves to really three mains
19 things: first, making sure that customers receive safe
20 and adequate and reliable gas. That is the first
21 priority. Second, to make sure that service is at the
22 standards that we all want. They are striving every day
23 to improve service and to make the company more
24 efficient. And finally we are trying to cut costs every
25 way we can. We are going through all the various places

1 where we can do it. It is a slow process but we think we
2 have made progress in that respect. We also made some
3 progress in improving some of our billing problems and
4 our customer service problems. We are on the right
5 track. We need to have this rate increase so that we can
6 continue on that positive track.

7 Now, some people have said that we could avoid the
8 whole rate increase by asking the city to forego the \$18
9 million payment that PGW is obligated to make to the
10 city.

11 JUDGE TURNER: Mr. Clearfield, are you close to the
12 end?

13 MR. CLEARFIELD: Yes.

14 JUDGE TURNER: Okay.

15 MR. CLEARFIELD: That sounds reasonable but it
16 really would be mortgaging the future. This is really
17 the last stopgap that PGW has if there are additional
18 contingencies like very cold weather or very warm
19 weather. So we really feel like it would be burning the
20 roof to heat the home. It's not a good long-term prudent
21 solution.

22 Now, we are here to hear what you have to say. We
23 are very anxious to do that. If you have any questions
24 of me or any other members of the PGW team that is here
25 tonight we would be anxious to try to address them.

1 Thank you very much.

2 JUDGE TURNER: We will take a recess part-way
3 through the evening to allow questioning for those who
4 don't want to leave during the hearing.

5 My next question is it looks like it is getting
6 pretty full back there. We do have an additional supply
7 of chairs and we can bring in more chairs at some point
8 and we may take a break to do that. But at this point
9 does everybody that wants a seat have a seat?

10 (No audible response.)

11 JUDGE TURNER: I don't hear any indication that
12 there are people that don't have a seat so I will
13 proceed. But we can bring in more chairs.

14 Thank you, Mr. Clearfield.

15 Mr. Popowsky, did you have a statement?

16 MR. POPOWSKY: Just very briefly, Your Honor.

17 JUDGE TURNER: Okay. It will be easier for people
18 to hear you if you go there.

19 MR. POPOWSKY: Thank you, Your Honor. And thank
20 you, Judge Turner, and to the PUC, for having this
21 hearing tonight.

22 I did want to introduce myself. My name is Sonny
23 Popowsky. I am the Consumer Advocate of Pennsylvania.
24 With we here tonight is one of our assistant consumer
25 advocates, James Mullins, who has been working on many of

1 the technical aspects of this case.

2 As Mr. Clearfield indicated, this is a historic
3 occasion and it is a honor for me to be here. This is
4 the first case in which the Public Utility Commission,
5 the Pennsylvania Public Utility Commission, has had to
6 decide the questions about the rates and service of PGW
7 gas and as of July 1st of this year the Public Utility
8 Commission took jurisdiction over that important matter.

9 Now, at the same time that the legislation, the
10 state legislation, gave the PUC jurisdiction over these
11 matters they also gave our office, the Office of Consumer
12 Advocate, the authority to represent PGW customers before
13 the Public Utility Commission and that is our job. This
14 is what we do with other utilities before the PUC and now
15 we will represent PGW customers as well.

16 We have already presented expert testimony in the
17 case. We have attorneys on the case and experts who are
18 presenting our views in response to what the company has
19 asked for. We clearly don't agree with everything that
20 the company has asked for and have suggested a much lower
21 amount of rate increase would be sufficient.

22 But the purpose of tonight's hearing is to hear
23 from the members of the public. I encourage you, as
24 Judge Turner did, to state your views under oath if you
25 are willing to come forward so that Mr. Mullins and our

1 other attorneys and the other advocates here can use your
2 testimony on the record of the case on behalf of the
3 consumers.

4 If you have any questions about our office or about
5 what we do I will stay here as long as necessary and
6 Mr. Mullins will be here and we will be happy to talk to
7 you about this case or about anything else that our
8 office can do on behalf of you in Harrisburg.

9 Thank you.

10 JUDGE TURNER: Thank you, Mr. Popowsky.

11 Before I go on taking other statements, what I
12 would like to do is make sure that the press and TV are
13 set. I find it distracting to have people moving around
14 and taking panning shots. If you want to take pan shots
15 now, I invite you to do that. If you want to set a
16 microphone, I would ask you to do that now so that we
17 don't have people running back and forth.

18 Is there anybody that would like to come up to the
19 front and take a pan shot? Okay.

20 (Pause.)

21 JUDGE TURNER: Thank you gentlemen.

22 Ms. Jones, do you have a statement you would like
23 to make on behalf of the Office of Small Business
24 Advocate?

25 MS. JONES: Yes, Your Honor.

1 Thank you, Your Honor.

2 Ladies and gentlemen, it is my pleasure to be here
3 in the fair City of Brotherly Love on a windy fall day.
4 This is where I grew up. I am originally from West
5 Philadelphia. My name is Angela Jones and I represent
6 the Office of Small Business Advocate. Our office is
7 here to represent the views of small businesses, mom and
8 pop shops, customers that are commercial customers that
9 use no more than 300 MCF per month in gas.

10 We agree that this is a historic occasion. We are
11 encouraged and excited to hear your views as the public
12 in reference to PGW. We want to ardently represent you
13 in front of the PUC as this is the first time the PUC
14 will be hearing your views.

15 You have heard a lot of posturing from the
16 advocates and it is time for you to state what it is that
17 you want from this company, so without further ado I will
18 sit down.

19 JUDGE TURNER: Thank you, Ms. Jones.

20 Mr. Simms, do you have a statement on behalf of the
21 Office of Trial Staff?

22 MR. SIMMS: Thank you, Your Honor.

23 My name is Johnnie Simms. I am a senior prosecutor
24 are in the Commission's Office of Trial Staff. With me
25 tonight is Charles F. Hoffman, who is the chief

1 prosecutor in our office.

2 Our office has presented as of this date testimony
3 from three of our expert witnesses to make adjustments to
4 PGW's rate request. Two of those witnesses are with me
5 tonight, Paul Metro and Charles Weakley.

6 As all the attorneys have indicated to you, it is
7 you, the customers of PGW, who are the ones that must pay
8 for this increase. So is is you, the customers of PGW,
9 that must speak tonight. This is your opportunity to
10 present your views regarding this company, your
11 opportunity to present your views about this rate
12 increase. I look forward to hearing your testimony.

13 If you have any questions about our office or about
14 this increase I will be available to hear your concerns
15 after tonight's public input. But the most important
16 thing is for you, the customers, to speak on the record
17 under oath so that your testimony may be used by the
18 Commission in this proceeding.

19 So once again I thank you for your attendance here
20 tonight and I look forward to your testimony.

21 JUDGE TURNER: Thank you, Mr. Simms.

22 Mr. Bertocci, do you have a statement you would
23 like to make on behalf of your clients?

24 MR. BERTOCCI: Yes, Your Honor.

25 My name is Philip Bertocci. I am an attorney at

1 Community Legal Services. I am representing four
2 consumer organizations in this case: the Consumer's
3 Education and Protective Association, Action Alliance of
4 Senior Citizens, Tenants Action Group and ACORN. These
5 are groups of moderate and low income people who put out
6 an extraordinary amount of effort in the city to advocate
7 on behalf of low income and moderate income people on all
8 kinds of consumer issues. They go way beyond the call of
9 duty to try to serve all the citizens of Philadelphia in
10 dealing with the various bureaucracies we have to deal
11 with every day just to get along.

12 The public input hearings are meant to enable the
13 public, that is the consumers, to play a part in the
14 regulatory process. The whole idea is to hear from you
15 about how this rate increase will affect you and whether
16 you think it is just and reasonable -- I repeat, just and
17 reasonable.

18 Is it just and reasonable for PGW to obtain an
19 emergency rate increase of \$52 million when it is still
20 insisting on its right to pocket 18 million of that
21 increase as the city payment without any regard for the
22 mismanagement that has taken place in the last three or
23 four years?

24 Is it just and reasonable for PGW to obtain an
25 emergency rate in increase of \$52 million so that PGW can

1 turn around and pay the city \$18 million at a time when
2 customers are already facing a 20 percent increase from
3 rising natural gas costs? At least 20 percent. They are
4 saying 20 percent but the predictions are going to be
5 that it is going to be much higher.

6 So I repeat again, just and reasonable. That is
7 not a question that I can answer. That is the standard.
8 That is the standard in the United States Constitution.
9 That is the standard that binds the Public Utility
10 Commission. And this is your chance to be heard on what
11 just and reasonable means to you. I have been waiting
12 all day to hear from you.

13 JUDGE TURNER: Thank you, Mr. Bertocci.

14 Now, I think that we are ready to hear from our
15 first customer. Is that correct? All Counsel agree?

16 (No audible response.)

17 JUDGE TURNER: Great. Joan Keyser.

18 Whereupon

19 JOAN KEYSER

20 having previously been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 JUDGE TURNER: Ms. Keyser, let me ask you to state
23 your name and spell it for the record and state your
24 address. And I will just note here that you are a PGW
25 customer.

1 THE WITNESS: I am a PGW customer. My name is
2 Joan Keyser, K-E-Y-S-E-R. I live at 1935 Devereaux
3 Street, Northeast Philadelphia.

4 JUDGE TURNER: Can you hear her?

5 THE WITNESS: I live at 1935 Devereaux Street,
6 Northeast Philadelphia. I have been living in
7 Philadelphia since I have been born.

8 I don't think it is fair for the customers of PGW
9 to pay higher customer charges to cover the mistakes by
10 the management of PGW for computer programs that were
11 incorrectly set up. The City of Philadelphia being the
12 owner of PGW is mainly responsible. They should forfeit
13 the \$18 million they would normally receive.

14 There is an ongoing investigation on the situation
15 by other government departments. This rate hike should
16 be held in abeyance until this is also concluded.

17 I have tried to encourage other PGW customers to
18 come here. They have a can't fight city hall attitude.
19 Besides the fact that my most recent gas bill had an
20 insert that did not have this date on it, did not have
21 Friday's date on it. So some people don't know. People
22 who have not seen the paper don't know about tonight's
23 hearing.

24 Thank you.

25 JUDGE TURNER: Thank you.

1 councilmatic district. I have many, many friends and
2 business people up that end.

3 JUDGE TURNER: Okay. Because you are a
4 committeeman?

5 THE WITNESS: Well, not now but I'm saying I'm
6 speaking in that because they have always come to me and
7 people, Joan, my own neighbor, have come to me along with
8 others, business people.

9 JUDGE TURNER: Okay. So will you state your name
10 and your address and then give your testimony?

11 THE WITNESS: My name is Walter Pieczynski,
12 P-I-E-C-Z-Y-N-S-K-I, and I live at 1927 Devereaux. And
13 the zip code is 19149.

14 JUDGE TURNER: Thank you very much. Please go
15 ahead.

16 THE WITNESS: Okay.

17 My name is Walter Pieczynski and I have been
18 involved with city and government affairs for over 30
19 years. As an economist I could tell you it is just
20 unbelievable what has happened to me over those years. I
21 have been at the White House. I have been honored by the
22 City of Philadelphia as one of the leading economists.

23 What I have here -- I am a little nervous right now
24 because in 1997 I was a member of the presidential summit
25 committee here in Philadelphia and when I walked out the

1 door I was robbed in a way and the doctors are on me with
2 pills and everything and doing their best. But that is
3 why I am here today. They are telling me to come back
4 and come back.

5 JUDGE TURNER: Excuse me, sir. They said they
6 couldn't hear you.

7 THE WITNESS: Okay. I'm sorry.

8 In 1997 I was a member of the presidential summit
9 committee here in Philadelphia. We had people from the
10 White House, Disneyland, the Mayor's office and
11 everything. I was up at the Germantown Girls and Boys
12 Club and we had a meeting like this and I walked out the
13 door and a person walked up to me and robbed me. The
14 police brought me home and I have been a little shaky
15 ever since then.

16 JUDGE TURNER: Could you address the rate increase?
17 What is your position on the rate increase?

18 THE WITNESS: Well, on the increase, okay, if the
19 gas commission, okay, raises this gas commission 30
20 percent, or whatever it raises it, it is going to lose
21 out for the simple reason is the gas commission, as the
22 gentleman here stated, is constantly losing its
23 customers. And the reason it is losing its customers is
24 because -- I am going to place this up here. I mean,
25 brought a lot of stuff.

1 I am a member of NASA technology, okay. And I have
2 been with this for about -- ever since the intercom
3 system came into Philadelphia. And what I am saying is
4 that in the 1950s oil and gas came into our homes and
5 during that time, before that, we were all heating our
6 homes with coal. And coal no longer exists and we have
7 oil and gas. But now in the 1970s technology has come
8 along with another fuel that is toxic fuel -- I mean has
9 no toxic in the fuels. It is clean as can be and it is
10 being placed in and out of the buildings and homes
11 throughout the United States and here in Philadelphia.
12 As an electrical engineer and a member of technology, I
13 can tell you that it is electric heat.

14 Electric heat is being placed in the homes today at
15 low cost. I want to tell you, the technology that we
16 have, everything about it, is destroying, let's say, the
17 oil companies, the gas companies and everything. Every
18 way we go about want to fight technology, it is almost
19 impossible. I mean, the government can come in and say,
20 well, we are going to do this and do that to you, the
21 city can say this, but they can't stop you from changing
22 your electric heating system.

23 What is going to happen is if this increase
24 happens, okay, within the 30 days, you know, the next
25 month -- well, say by Christmas, okay -- the people in

1 Philadelphia and Pennsylvania are going to be forced --
2 not forced, but the electrical people, electrical
3 contractors, consumer, you know, everybody who does
4 anything with electric, is going to go and sell it to the
5 people. And believe me, the cost of electric heat today
6 is so low that the gas commission is just going to
7 collapse. It will.

8 And I would say to the gas commission for the next
9 over the winter months I would say forget about this
10 increase, go back and think about it, because if you go
11 and increase it, believe me, as true as I am standing
12 here, it is going to dissolve just as coal did in the
13 1950s.

14 We have it, but we have to use our minds and brains
15 on how to use it. And right now the gas commission is
16 going to lose. You are losing, as you said, constantly.
17 Over the past 15 years we have lost 150,000 taxpayers who
18 were consumers here in Philadelphia.

19 I can tell you, I have gas in my home and everybody
20 guess has gas. What will happen is if the people begin
21 to change over to electric heat the only thing the gas
22 commission will have left is a gas hot water tank and a
23 stove in the house. Other than that there is no other
24 need for heating, for heating your home, because it all
25 can be done by electric. And believe me it is being done

1 every day throughout the United States in businesses,
2 homes, apartment houses that are being built, schools,
3 everywhere. Everywhere that they can run an electrical
4 line, electric --

5 JUDGE TURNER: Excuse me, sir. Can you bring your
6 remarks to a conclusion?

7 THE WITNESS: Yeah. I brought it with me, my
8 little testimony here that I have on it.

9 JUDGE TURNER: Well, we could admit that if you
10 would like.

11 THE WITNESS: Well, oh, yes, I would like to admit
12 that. I will admit that to you.

13 JUDGE TURNER: You've got to give it to the court
14 reporter. But I do need you to conclude your remarks.

15 THE WITNESS: Okay.

16 My remark is to forget about the increase for about
17 six months, go back and think about it. Because if you
18 do, I can tell you that the electric contractors,
19 engineers, everyone, is going to come out on the sales
20 and the gas commission is going to lose out, I mean, next
21 year because it will take them over in this city like --
22 well, just like coal was left in the 1950s.

23 JUDGE TURNER: Thank you very much, sir.

24 THE WITNESS: Thank you very much. That is about
25 all I have to say.

1 JUDGE TURNER: Thank you.

2 JUDGE TURNER: Are there any questions?

3 (No audible response.)

4 JUDGE TURNER: Okay. Thank you.

5 (Witness excused.)

6 JUDGE TURNER: Maria Dirkson.

7 Whereupon,

8 MARIA DIRKSON

9 having previously been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 JUDGE TURNER: Good everning, Ma'am. Thank you for
12 coming out. Please remember to keep your mouth close to
13 the microphone so people can hear you. I guess I need to
14 remember that too.

15 Will you state your name and address, please?

16 THE WITNESS: My name is Maria Dirkson. I live
17 2409 North Garnet Street.

18 JUDGE TURNER: Thank you.

19 Can you hear her now. Say something.

20 THE WITNESS: My name is Maria Dirkson. I live
21 2409 North Garnet Street.

22 JUDGE TURNER: Okay. Go ahead and give your
23 testimony, Ma'am. You are already sworn.

24 THE WITNESS: Okay. I am here in behalf of
25 concerned organized blocks, which is a seven block radius

1 within the neighborhood where I live at. We have all SSI
2 members. We also have senior citizens. We also have a
3 lot of unemployed people who are paying gas at a certain
4 rate. We cannot go no 30 percent. We can only pay what
5 we have now. Some of us have to pay gas and some don't
6 eat a little in order to keep the payments going. So we
7 cannot afford this 30 percent rate.

8 Also I have very lot of complaints. The gas people
9 do not even come and read our meter in our area because
10 they say that it is such a low poverty area and they
11 can't get in some of the cellars because it is dirty and
12 nasty and so forth. They are giving us estimate bills
13 which some of my members run 100 or 200 or so and it's
14 not fair. I think they should change those rules and do
15 a little better in the future.

16 Thank you.

17 JUDGE TURNER: Thank you, Ms. Dirkson.

18 Any questions?

19 (No audible response.)

20 JUDGE TURNER: Thank you.

21 (Witness excused.)

22 JUDGE TURNER: Tina Nelsen.

23 Whereupon,

24 TINA NELSEN

25 having previously been duly sworn, testified as follows:

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1 DIRECT TESTIMONY

2 JUDGE TURNER: You have been sworn, Ms. Nelsen, so
3 please state your name and your address and your
4 relationship to the company.

5 THE WITNESS: My name is Tina Nelsen. I am
6 executive director for the Consumer Education and
7 Protection Association, CEPA.

8 JUDGE TURNER: Can you hear her? Good.

9 THE WITNESS: The address is 6448 Ogontz Avenue,
10 zip code 19141.

11 Good evening, ladies and gentlemen. My name is
12 Tina Nelsen, executive director for Consumer Education
13 and Protection Association, CEPA. We are a party in this
14 case.

15 The issue before the Public Utility Commission is a
16 simple one: should PGW's consumers be forced to pay for
17 the company's mismanagement, wrongdoing and mistakes. Or
18 should the owners of PGW and the City of Philadelphia be
19 held responsible for their lack of oversight and the gas
20 works be forced to pay for the company's mistakes.

21 There is relatively little dispute over the facts
22 in this case. The City of Philadelphia acknowledges that
23 its past management of PGW has led to PGW's financial
24 problems. The failure of the city to properly supervise
25 the gas works is well known. Almost all reasonable

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1 people expect that the billing computer that PGW brought
2 two years ago should have worked from the beginning.
3 Nearly everyone agrees that the past management of PGW
4 wasted consumers' money paying for limousine rides,
5 massages and bathrobes. The problem that PGW now faces
6 is where is the money going to come from to pay for these
7 past mistakes.

8 CEPA believes that the Public Utility Commission
9 should not allow PGW to collect a single cent more from
10 consumers unless and until the City of Philadelphia
11 agrees to forego the annual \$18 million a year payment
12 that the city collects from the gas works for owning it.

13 No other businesses should be allowed to see a
14 profit knowing fully how poorly the city has run PGW.
15 Therefore, CEPA believes it is entirely wrong for the
16 city to try to collect a penny from the gas works until
17 it is properly managed.

18 The only way that CEPA would support any rate
19 increase in the base rates or in the GCR, gas cost
20 recovery, is when and if the city agrees to forego this
21 year's payment, make up for the past years mistakes and
22 tie future payments from the gas works to the city to
23 PGW's performance and efficiency.

24 I would like to close by saying CEPA understands
25 that PGW is on the verge of defaulting on its bonds. We

1 understand that the price of gas at the wellhead has
2 almost doubled making it necessary for PGW to raise the
3 GCR if the company is going to continue to operate. We
4 also recognize it is in the consumers' interests for the
5 city to continue to own and operate PGW if it is managed
6 efficiently. Unfortunately, that is a big if.

7 That is why CEPA would only support a settlement
8 that ties the payment to the city to PGW's productivity.
9 This plan will give consumers protection and allow PGW to
10 become part of the economic development team of the city
11 that can be used to bring in good paying jobs.

12 If the choice is bankruptcy or a poorly run company
13 that continues to give our money to the city regardless
14 of how well PGW is run, we pick bankruptcy.

15 Thank you for your time.

16 JUDGE TURNER: Thank you.

17 Do you have any questions?

18 (No audible response.)

19 JUDGE TURNER: Mr. Clearfield, I will assume that
20 you don't have any questions unless you give me a signal.
21 And the rest of Counsel as well.

22 Thank you, Ms. Nelsen.

23 (Witness excused.)

24 JUDGE TURNER: While we are at a pause I would like
25 to say that I have received eight or nine additional

1 names. We have taken four of the original witnesses.
2 And Representative Kitchen's representative, Mr. Street,
3 is here also. I will want to take a break at about
4 seven. Now, Ms. Blaszczyk, would you mind if Mr. Street
5 testified briefly ahead of you?

6 MS. BLASZCZYK: No.

7 JUDGE TURNER: Okay. Thank you.

8 I also may begin imposing a time limit if it runs
9 late.

10 I know you are a lawyer, Mr. Street, but I hope you
11 can be brief.

12 Whereupon,

13 SHARIF STREET

14 testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: My name is Sharif Street, the chief
17 legislative advisor to Pennsylvania State Senator Shirley
18 M. Kitchen. I will reading a written statement from the
19 Senator and maybe make a couple of remarks after that.

20 Dear Pennsylvania Utilities Commission:

21 I am writing regarding PGW's proposed rate
22 increases.

23 I oppose the \$52 million increase in the base rates
24 because I believe the request to be excessive and because
25 I believe much of the need for the increase in base rates

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1 could have been avoided by better managerial decisions by
2 PGW.

3 If, however, a base rate increase for PGW is
4 granted despite my opposition, I believe it should only
5 be granted with the following caveats:

6 The rate increase should be made on an interim
7 basis until a more thorough assessment of what the rates
8 should be can be made.

9 If the interim rates are found to be too low
10 retroactive rate increases should be prohibited.

11 Should the interim rates be found to be too
12 high consumers must be reimbursed for the payments made
13 during the interim period in excess of what rates should
14 have been.

15 Procedures for auditing any future base rate
16 increases should be established.

17 PGW should establish a plan to ensure that
18 future services and rates to consumers will be consistent
19 and that the company will be fiscally sound.

20 I do not oppose the proposed gas cost rate increase
21 provided:

22 PGW will adopt a least cost plan and present
23 and explain it.

24 PGW adopt a conservation plan and a program for
25 consumers.

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1 PGW demonstrates that in the past it has
2 bargained to get the best rates for its consumers and the
3 increase in the gas cost rate is not due to any
4 sweetheart contracts.

5 PGW compares its proposed increases in the gas
6 cost rates to those of three other providers of
7 comparable size and explains any differences that result
8 in increased cost to consumers.

9 If you have any questions please contact Sharif
10 Street, my Chief Legislative Advisor, at my district
11 office.

12 Sincerely, Shirley M. Kitchen, State Senator

13 JUDGE TURNER: Do you have a copy of that that we
14 can give to the court reporter?

15 THE WITNESS: Yes, I have a couple a copies here.

16 JUDGE TURNER: Thank you.

17 THE WITNESS: The Senator made the distinction
18 between the base rate increase and the gas cost rate
19 increase because in our opinion it is beyond -- it is
20 completely beyond -- the increases in gas cost rate were
21 beyond PGW's control and even the best managed
22 institution would need to experience some gas cost rate
23 increases given the national market and the effects of
24 deregulation on the gas industry and what that has done
25 to gas rates generally, the cost of gas.

1 lot of the questions that I had and the speakers previous
2 to me also explained a lot.

3 My argument is just as some of these others have
4 said: there are expenses that are totally unnecessary
5 like that \$18 million to the city. I don't understand
6 that the city is not coming back with this when they know
7 that PGW is in such big trouble.

8 Secondly, there is probably a lot of stuff going on
9 that is very costly that does not need to be addressed in
10 PGW. I am sure there are consultants there that probably
11 are not necessary because they have probably told PGW
12 what we all know, just raise the rates. I mean, nobody
13 needs to pay consultants to hear that.

14 And, of course, the city, we have to admit, is 50
15 percent poor, I would say, and I would like to know where
16 these people are supposed to get these ridiculous amounts
17 of money to pay a gas bill.

18 And I don't want to hear about other utilities are
19 getting increases so we got to get increases too. Do we
20 need them? Or do we just follow the crowd? We don't
21 have to follow the crowd. I mean, I have heard crap like
22 \$4 a gallon for gas in Germany so we can pay \$2 here.
23 Why? If we can afford to pay a dollar-and-a-half or a
24 dollar a gallon why should we pay four just because
25 Germany has to pay four? That is their problem, not

1 ours. We don't have to compare ourselves to anyone else.
2 We do what we can do here.

3 And we must be mindful of the lot of people in
4 Philadelphia that are unable to carry this kind of a
5 load. Thirty percent is a tremendous amount of money as
6 one single increase. And Mr. Clearfield did bother to
7 explain that there are a lot of steps being taken to make
8 a lot of corrections in PGW which we know exist.

9 Also, if I didn't pay my gas bill what do you think
10 would happen to me? Everybody knows what would happen to
11 me. How about these CEOs that got of here and just
12 walked away from millions of dollars worth of debt?
13 Nobody is going after them for nothing. I mean, this
14 really boggles my mind. Just because you are an upper,
15 you know, we are not going to bother you. But the poor
16 little guy that is struggling every day of the week --
17 there were days when I first got married 52 years ago, I
18 used to go to sleep at night wondering how I was going to
19 manage my bills. Our income was low. All day I would
20 worry and I would think to myself I'm going to go and
21 sleep on it and in the morning I will feel better and I
22 will be able to tackle it again. And this is how I lived
23 for a pretty long time until things straightened
24 themselves out over the years. And I know what these
25 people are going through, these poor people. And it is

1 disgrace that nobody cares. All we are going to do is
2 raise the rates. I mean, that's all we got to do, raise
3 the rates. And the electric company raises the rates,
4 and the water bill gets raised and the taxes get raised.
5 Where the heck are these people supposed to get all this
6 money?

7 That is how I feel. It has been covered pretty
8 much here. I mean, I know there is an awful lot of waste
9 in PGW that can be straightened out and I hope that you
10 will be investigate these things and be mindful of the
11 poor people. Half of the city is poor. Half of the
12 people live on social security or like the lady at the
13 last meeting that I was here explained to me how she has
14 to live and then she has to try to cover the crazy gas
15 bill, especially the kind that she got that time. Every
16 week she got one and it was twice as large each time she
17 got it. Ms. Banks. Does anyone remember?

18 JUDGE TURNER: Excuse me. Can you address your
19 remarks to tonight, please?

20 THE WITNESS: That's about it. I mean, I stated my
21 case. I just hope that you guys take this into account
22 when you are making your decisions.

23 Thank you very much.

24 JUDGE TURNER: Thank you very much.

25 (Witness excused.)

1 JUDGE TURNER: I must say I appreciate your
2 enthusiams, but when people are actually testifying if
3 you applaud the court reporter can't hear it to take it
4 down. So I would ask you to really keep that to a
5 minimum.

6 I would also say that normally I ask people to
7 spell their name and state their address. I am not
8 asking for spellings tonight because I have the list,
9 which I will give to the court reporter. It is pretty
10 clearly written. And I will only ask people when there
11 is something that I am not sure of on the list.

12 Our next witness is Sid Karp.
13 Whereupon,

14 SID KARP
15 having previously been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 JUDGE TURNER: Good everning, Mr. Karp.

18 THE WITNESS: Good evening.

19 JUDGE TURNER: I have a question for you. Is your
20 address 9140 or 9040?

21 THE WITNESS: I'm sorry. I made a zero and then I
22 had to correct it with a 1 on top of it.

23 JUDGE TURNER: So the 1 is correct?

24 THE WITNESS: The 1 is correct, yes.

25 JUDGE TURNER: Thank you.

1 You are under oath and please state your name and
2 your relationship to the company. You say here you're a
3 CEPA member?

4 THE WITNESS: I am a CEPA member, yes.

5 JUDGE TURNER: Okay. And you are a customer of
6 PGW?

7 THE WITNESS: And I am a customer of PGW. I live,
8 as my address states, in Philadelphia.

9 I am a 57 year old Jewish war veteran who is on
10 disability. I used to be living on the streets. I was a
11 homeless person for about a year. I know what it is like
12 to have nothing in your pocket and have a lot of people
13 look at you like you should have even less.

14 I will say this. I live on a fixed income and I
15 know that I can barely get by with what I have. And that
16 is with paying the gas and the electric and my rent and
17 living in a place where a landlord doesn't even want to
18 fix the place and has the nerve to try to throw me out
19 like I am the bad guy.

20 I will say that I think that this is terrible
21 mistake on your part to try to raise the rates on PGW
22 customers because we can barely afford it. I consider
23 myself in a lower class in terms of my -- the money I
24 have, but I don't consider myself nothing. I am someone
25 and I want to be treated like someone. And I want to be

1 treated with respect. And I don't think, as Rodney
2 Dangerfield would say, I can't get any respect. It seems
3 like I cannot get any respect and neither can the people
4 who cannot afford this raise as you propose to do. And I
5 wish you would take it into deep consideration when you
6 decide what you are going to do.

7 As a CEPA member I would like to also state that I
8 am pretty aware of lots of the wrongdoing in our society.
9 I do a column in our Consumers Voice, which covers all
10 the fraud and the privacy, the opposition to our privacy
11 on the internet. So I know there is a lot of bad things
12 going on in our society and one of them is not giving the
13 consumer a break.

14 Thank you.

15 JUDGE TURNER: Thank you, Mr. Karp.

16 THE WITNESS: Questions now, Ma'am?

17 JUDGE TURNER: Only if they flag me. And nobody
18 has --

19 THE WITNESS: Okay. No questions?

20 JUDGE TURNER: No.

21 THE WITNESS: No answers.

22 JUDGE TURNER: Thank you.

23 (Witness excused.)

24 JUDGE TURNER: What I will do is I have three more
25 names on the first list. I will take those witnesses. I

1 will then swear in Mr. Street to adopt his testimony as
2 if he had given it under oath. And I will then take a
3 recess. And then we have nine more names.

4 So let me call the next witness without further
5 ado. Shirley Caldwell.

6 Whereupon,

7 SHIRLEY CALDWELL

8 having previously been duly sworn, testified as follows:

9 DIRECT TESTIMONY

10 THE WITNESS: Good evening, everyone.

11 JUDGE TURNER: Good evening, Ms. Caldwell. Thank
12 you for coming out.

13 THE WITNESS: Thank you.

14 Shirley Caldwell, 6213 Washington Avenue in
15 Philadelphia. I am retired senior citizen. I have
16 retired three times and I'm back to work again trying to
17 make ends meet.

18 The representative for PGW said by increasing it
19 would also help to cost costs. I don't understand that.
20 I disagree.

21 And also the \$18 million payment to the city I
22 disagree. To me it doesn't seem just and reasonable.

23 Also, this hearing was not in my bill that I
24 received last week.

25 Thank you.

1 JUDGE TURNER: Okay.

2 Excuse me. Was there supposed to be a customer
3 notice in the bill?

4 MR. CLEARFIELD: Not about this hearing, Your
5 Honor. The customer notice about the hearing was
6 published in the various newspapers.

7 JUDGE TURNER: Published in the newspapers? All
8 right. I just wanted to understand what the arrangement
9 was.

10 Thank you, Ms. Caldwell.

11 (Witness excused.)

12 JUDGE TURNER: Ricardo Pearson.

13 Members of the press, can you clear that? The
14 press is important but the witnesses really need to be
15 able to get forward.

16 Whereupon,

17 RICARDO PEARSON

18 having previously been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 JUDGE TURNER: Mr. Pearson, good evening.

21 THE WITNESS: Good evening.

22 My is name is Ricardo Pearson, P-E-A-R-S-O-N. I
23 reside at 1816 South 20th Street, second floor apartment.

24 I would like to say that I am a single parent. I
25 am a security guard. I work at a city agency. I make

1 \$7.15 an hour. I am raising a child by my lonesome. And
2 I can't afford this 30 percent.

3 I have a gas bill here that I received, you know,
4 for this past winter for three hundred and some dollars.
5 And, you know, I am a single parent. I just can't afford
6 it. My rent is 415 a month, you know what I mean. 384.

7 And now when I call the south Philly district,
8 Broad and Tasker, they have like a nasty attitude. They
9 look down their noses at you. They told me on the phone,
10 well, if you can't pay, we will cut you off. This is
11 ridiculous.

12 You know, like, this rain we had, all these houses
13 falling. Mayor Street wants to cut off the senior
14 citizens discount. If he does that just like these
15 houses falling, you going to have a lot of dead senior
16 citizens this winter freezing to death because they can't
17 pay the bills.

18 Thank you.

19 JUDGE TURNER: Excuse me, sir. Would you be
20 willing to have a copy of that bill made to go with the
21 transcript?

22 THE WITNESS: Sure.

23 JUDGE TURNER: Okay. And can you tell me how long
24 a period that \$384 bill was for? Was that for one month?

25 THE WITNESS: I believe so.

1 JUDGE TURNER: Well, we will have a copy with your
2 permission. If you want to give it to me and I will give
3 it back to you. I will have it made at the recess.

4 MR. CLEARFIELD: Judge, Mr. Knudsen has some
5 information that he thought would be useful with respect
6 to the testimony that was just given. Could he make a
7 quick statement with respect to that?

8 JUDGE TURNER: I would prefer not. He can give it
9 perhaps later. I really want to get some of these people
10 in.

11 No disrespect to you, Mr. Knudsen, but is it
12 possible for you to talk with him at the break and then
13 we can take some testimony later?

14 Mr. Pearson, Mr. Knudsen would like to talk with
15 you at the recess about some information about your bill.

16 THE WITNESS: Yes.

17 JUDGE TURNER: Okay. We will take a recess after
18 Anna Marrero.

19 (Witness excused.)

20 JUDGE TURNER: Ms. Marrero. Thank you for being
21 patient, Ms. Marrero.

22 Whereupon,

23 ANNA MARRERO

24 having previously been duly sworn, testified as follows:

25 DIRECT TESTIMONY

1 THE WITNESS: Good afternoon, everyone. My name is
2 Anna Marrero and I reside at 1524 Federal Street. And I
3 am disabled and I am also a senior citizen.

4 JUDGE TURNER: You say you're a PGW customer and a
5 member of ACORN?

6 THE WITNESS: Yes, I am.

7 JUDGE TURNER: Thank you.

8 THE WITNESS: So I am here. I had a bill come in.
9 It was a thousand dollars for the whole summer. October
10 last year I didn't get a bill up until July. But I went
11 and paid my bill every month because I knew I was
12 supposed to have a bill. They said that what was
13 happening with my bill was that the computer didn't pick
14 up. And it's not only me. There was a lot more people
15 that was like that the same way. But I still went and
16 paid my bill anyway.

17 It took them just about three months before I could
18 get a bill. They said they could take -- they could read
19 my meter but they cannot give me a bill. So I went along
20 with that a long time. Then I get this bill for \$1,600.

21 So I went back and I talked with them and they cut
22 it down to 600 and something. And then they said, well,
23 after that, you come in next week, you pay \$150. I paid
24 that.

25 Two weeks after this, I get another bill, another

1 200 something dollars. Then this week I got one \$300. I
2 am not the only one doing it.

3 I cannot afford to pay anymore bills. I am sure no
4 one else that is poor just like I am can go and pay no
5 more higher bills like we are paying. We are paying \$200
6 and \$300 a month as it is and we are on fixed income.
7 How can we do it? We cannot do it.

8 I am so afraid you are going to take good people
9 and turn them into thieves that got to go around stealing
10 gas and might blow us all up. That is what I'm afraid
11 of.

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

13 JUDGE TURNER: Thank you.

14 Mr. Knudsen, do you think that one of the PGW
15 representatives can help her with that bill?

16 MR. CLEARFIELD: We are doing that right now.

17 JUDGE TURNER: Okay.

18 (Witness excused.)

19 JUDGE TURNER: I am just about to take a break.
20 Mr. Street, could I please swear you in? Thank you for
21 your patience.

22 Whereupon,

23 SHARIF STREET

24 was duly sworn.

25 JUDGE TURNER: All right. We will take a ten

1 minute recess. We will start again at 7:15.

2 MR. RIZZO: Your Honor, I have to leave to attend
3 another function. But tomorrow at two o'clock in City
4 Council chambers there is a hearing relevant to this
5 issue and I would like to make everyone aware of that in
6 case it didn't get communicated.

7 JUDGE TURNER: Do you want to make a more formal
8 announcement? Or is this satisfactory?

9 MR. RIZZO: That's fine.

10 JUDGE TURNER: Okay. Tomorrow at two o'clock in
11 City Council chambers there is a hearing on...

12 MR. RIZZO: PGW.

13 JUDGE TURNER: Just on PGW?

14 MR. RIZZO: In reference to the financial situation
15 and the request from PGW to the city administration.

16 JUDGE TURNER: And everybody here is invited,
17 right?

18 MR. RIZZO: Everybody is invited. It's a public
19 meeting.

20 JUDGE TURNER: Thank you.

21 We are off the record until 7:15.

22 (Recess.)

23 JUDGE TURNER: I would like to call the next
24 witness.

25 Actually, before I do that, I will like to read off

1 the names of the remaining witnesses and swear you all in
2 as a group. So let me call off your names and ask you to
3 please stand.

4 Samuel Silver.

5 William Chase.

6 Carrie Kemp.

7 Sadie Harris.

8 MS. HARRIS: That's Sallie, S-A-L-L-I-E.

9 JUDGE TURNER: Thank you. Yes. I'm sorry. My
10 eyesight is not as good as it should be. Sallie Harris.

11 Joe Barr.

12 Barbara Carey.

13 Clara Ceaser.

14 Arthur Plaxton.

15 Edward Ferguson.

16 Fredrica Lightford.

17 Will you all raise your right hands?

18 Whereupon,

19 SAMUEL SILVER, WILLIAM CHASE, CARRIE KEMP,

20 SALLIE HARRIS, JOE BARR, BARBARA CAREY,

21 CLARA CEASER, ARTHUR PLAXTON, EDWARD FERGUSON,

22 and FREDRICA LIGHTFORD

23 were duly sworn.

24 JUDGE TURNER: All indicated in the affirmative.

25 Is there anyone else in the room who did not sign

1 up who would like to be on this list? Because otherwise
2 I will conclude after Mr. Ferguson -- no -- after
3 Fredrica Lightford, who is the last person on the list.

4 And since it is getting late, if you could keep
5 your remarks short. If you can adopt anybody else's
6 testimony that has gone before you, you can refer to
7 that. And as I say, if you have written copies of your
8 remarks please give it to the court reporter.

9 For the Counsel here, we are not making them
10 exhibits. They will go into the document folder, these
11 documents. So if you are going to look for it after this
12 hearing and you want to refer to it, it won't be in the
13 exhibit folder. Is that acceptable to all of you? You
14 will know where to find it.

15 Samuel Silver.

16 Whereupon,

17 SAMUEL SILVER

18 having previously been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 JUDGE TURNER: Thank you for your patience and
21 thank you for coming out.

22 THE WITNESS: My name is Samuel Silver, 2020
23 Addison Street, Philadelphia. I was born and raised in
24 Philadelphia, I hope for 20 or 30 more years.

25 It seems like from what we have heard earlier this

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1 evening it seems like one of the big issues with PGW is
2 mismanagement and inefficiency. How well I know those
3 two words when dealing with PGW for 50 years or more.

4 I was asking one of the gentlemen earlier what
5 baffles me is the distinction which is always made
6 between PGW and the City of Philadelphia. PGW is the
7 City of Philadelphia. Why do we have that big
8 distinction?

9 Which brings up the issue which was mentioned
10 numerous times this evening, this \$18 million. Why do we
11 have -- why is PGW, in quotes, the city, taking \$18
12 million from its income and giving it back right in their
13 own coffers? In fact, one radio commentator just the
14 other day made a remark about this, which I don't know if
15 it is good or bad, but his comment was something to the
16 effect is this \$18 million going toward payment of Mr.
17 Street's renovation of his office for \$1 million. I
18 thought which was a very good comment.

19 But as I mentioned earlier, my personal experiences
20 with the PGW, which highlights the inefficiency is
21 exemplified in what I will tell you.

22 I have three rentals -- well, I'm sorry. I have
23 two rentals and my own apartment. Three separate gas
24 units. I always have the parts plan every year, which I
25 take out for all three units. In fact, up until two

1 years ago I had four units.

2 At the beginning of the heating season I would call
3 PGW, arrange for the service to come out and check the
4 heaters. Now, here we are talking about three heaters,
5 one right next to the other. One is right down the
6 street. That is four. They would send out four men to
7 service the four heaters, two of them being in the same
8 basement right next to each other. And this would happen
9 year after year after year after year. I spent hours on
10 the telephone trying to speak to supervisors, to
11 super-supervisors, to managers. Oh, we will take care of
12 that, that should not be. But the next year it is the
13 same thing.

14 Last year when it happened the first man came to my
15 door, rang my bell, said I am here to service your
16 heater. I said how many work orders have you got? He
17 said one. Why? How many should I have? I said you
18 should have three. I said, well, I only have one. I
19 said you are not coming in. I said get on your phone in
20 the truck, call your supervisor, tell him what the
21 situation is. I explained to him the situation, three
22 heaters in a row. He said I can't call my supervisor, my
23 phone is not working.

24 Two years ago when this happened I spoke to the
25 truck drivers, or the service men. Three of them told me

1 the same thing. Three of them said, oh, yes, every truck
2 has a computer but they are not working. So help me God
3 this is what they told you. Three trucks, all computers
4 were not working.

5 I said, well, come in my house, use my phone, call
6 your supervisor, tell him what your situation is, that I
7 don't allow you to perform service one one unless you do
8 all three. He got on the phone, spoke to his supervisor.
9 The supervisor said, no, I cannot give you okay to do the
10 other two. They have already been assigned to somebody
11 else.

12 This is management? This is efficiency? No wonder
13 they are so in debt. No wonder they owe millions of
14 dollars. Having trucks -- to send three or four men with
15 three or four trucks to do a job that one man can do.
16 This is efficiency?

17 Just today, just several hours ago, I was at the
18 PGW office on Chestnut Street. First of all, I had to
19 wait over one hour. There were not that many people
20 there, but I had to wait over an hour, an hour and ten
21 minutes, to be exact, before I saw one of the
22 interviewers. There are offices for four interviewers.
23 Four. Most of the time you saw one interviewer having a
24 client in. The others were either out to lunch or on
25 break. After they saw an interviewer -- after they saw a

1 customer, they took another break. It seemed like after
2 every customer they took another break. This is
3 efficiency?

4 I know it is true. I have done it many times.
5 Most of the time in that hour while I was there there was
6 one person interviewing. One. In over an hour. This is
7 efficiency? This is management?

8 I asked to speak to the manager. We don't have a
9 manager here anymore, the woman told me. Just several
10 hours ago this all happened. That is PGW. That is why
11 they are asking us, the utility users, the working
12 people, or retired people as many of us are, including
13 myself, to pay for their mismanagement, for their
14 inefficiency, for their carlessness.

15 Oh, also, several of the drivers -- several of
16 their men have told me recently that in the last year or
17 two PGW has released several hundred of their employees.
18 Several hundred. Three or four hundred, I believe, one
19 of them told me. Where is all that money going to?

20 I think this is just outrageous and I think
21 something must be done -- not should be done but must be
22 done -- to correct this great fiasco.

23 Thank you.

24 JUDGE TURNER: Thank you, Mr. Silver.

25 (Witness excused.)

1 JUDGE TURNER: I think we are going to assume even
2 if the witnesses don't say so that they are PGW
3 customers.

4 We have a young man who has expressed a sentiment
5 that is time to go. I am really working to move us along
6 as quickly as possible. Please don't be offended if I
7 cut you off at some point. And I'm mindful that
8 Mr. Clearfield asked to have Mr. Knudsen make some
9 comments on the record. Would you mind doing that at the
10 end after all the public witnesses have testified?

11 MR. CLEARFIELD: No.

12 JUDGE TURNER: I know you did speak to Mr. Pearson
13 and I appreciate that.

14 Mr. Chase. William Chase.

15 Whereupon,

16 WILLIAM CHASE

17 having previously been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE TURNER: Good evening, Mr. Chase.

20 THE WITNESS: Good evening.

21 JUDGE TURNER: You are a PGW customer, right?

22 THE WITNESS: Yes, I am.

23 JUDGE TURNER: Will you state your name and address
24 for the record?

25 THE WITNESS: My name is William Chase. My address

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1 is 8300 Lynnewood Road, Mt. Airy.

2 JUDGE TURNER: Good.

3 THE WITNESS: Good evening, ladies and gentlemen.

4 What I have to say to PGW, number one, they say
5 they have not had a rate increase in so many years. That
6 isn't so. Because the service charge went up last year
7 from \$4 to \$8. So don't say you didn't have a rate
8 increase. You did have a rate increase.

9 Another thing I don't like about PGW, when you sign
10 up for the labor and parts plan and you have something
11 wrong with your heater -- I got rental property and I got
12 three heaters, gas heaters, in all of them. When I call
13 for service I pay it. When they send that labor and
14 parts plan out I pay for it right away. But when I had a
15 problem last winter it took four days for them to get out
16 there to see what was the matter with the heater. And so
17 the people suffered. And quite naturally they are going
18 to come to me because I'm the landlord. I don't think it
19 is right.

20 If you call somebody on the telephone, they play
21 the music. They keep you on the phone for a half-hour or
22 so, and then if you ask who you are speaking to, oh, that
23 person don't work here.

24 And it is hard to get through. I don't see why you
25 got all them people down there. Like the gentleman

1 before me said, you go to the gas company and they wait
2 on one person and then they go take a break. I know one
3 place where the guy said I got to go get my car washed.
4 And he's working at the gas company. He went to get his
5 car washed. That's ridiculous. And if you say something
6 to somebody there, oh, well, you know, we don't have but
7 so much help here and there's very little we can do and
8 that's all. There is too many people in there.

9 It is a shame the way that you are running this
10 thing. And you people, the CEO, why is it you got to go
11 out of town to get somebody to pay a half a million
12 dollar to run the gas company? You can get plenty of
13 college kids out here and do what the people you got
14 running it. And you don't need to pay them people no
15 half a million dollars. We can't find nobody. That is
16 what you did before and you continued to do that. And
17 you got too many topheavy jobs in the first place. A lot
18 of the CEOs don't even need to be here. Get rid of them.
19 Put other people in their. You can get college kids out
20 here. There are a lot of young kids out here from
21 college and high school that can do just as good a job,
22 believe me.

23 And I wish that you people that run this gas
24 company, I wish that -- a lot of you are getting fat off
25 this company and then you turn around and you retire and

1 you slide somebody else in there, some relation. That
2 needs to stop.

3 And I hope that this increase does not go through.

4 Thank you.

5 MR. CLEARFIELD: Judge Turner, just for the record,
6 I wanted to state that when the customer charge went from
7 \$4 to \$8, the other portion of the rate went down. So in
8 fact the total rate did not go up. Parts of the rate
9 changed.

10 Secondly, also for the record, the parts and labor
11 part that has been mentioned, that is not a regulated --
12 that is not regulated by the PUC.

13 JUDGE TURNER: I would prefer the company to save
14 their remarks to the end.

15 MR. CLEARFIELD: I think it is important to make
16 sure that he understands.

17 JUDGE TURNER: I understand that you think it is
18 important. I am asking you to save your comments to the
19 end.

20 Thank you.

21 (Witness excused.)

22 JUDGE TURNER: Ms. Kemp.

23 Whereupon,

24 CARRIE KEMP

25 having previously been duly sworn, testified as follows:

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1 DIRECT TESTIMONY

2 JUDGE TURNER: Ms. Kemp, you are a PGW customer?

3 THE WITNESS: Yes.

4 JUDGE TURNER: And state your name and address for
5 the record.

6 THE WITNESS: My name is Carrie Kemp, 3301 North
7 18th Street, Philadelphia, Pennsylvania.

8 I testified at the hearing at 16th and Arch Streets
9 the last time and I disagreed with one of the customers
10 that testified. They said that he thinks that everyone
11 should pay the same amount of money for gas regardless.
12 I disagree with that because I think if a person make
13 \$70,000 a year and maybe a person make \$5,000 a year I
14 don't think that they should have to pay the same thing
15 to keep warm or keep from getting sick over the winter.

16 I had a complaint about the gas company and I
17 testified. But last week I got a little relief in my gas
18 bill thanks a little bit from the gas company. I give
19 you a little credit for that. But I wasn't satisfied
20 before then and I got a feeling it was just a temporary
21 thing just to quiet me a little bit.

22 So I am going to stay on the case with the gas
23 company. I know there might have to be a little raise
24 but I think you should take us into consideration the
25 people that make less income than the people that make

1 higher income and consider that in your thoughts in the
2 future

3 Thank you.

4 JUDGE TURNER: Thank you.

5 (Witness excused.)

6 JUDGE TURNER: Sallie Harris.

7 Whereupon,

8 SALLIE HARRIS

9 having previously been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 THE WITNESS: My name is Sallie Harris. I live at
12 1437 Guilford, G-U-I-L-F-O-R-D, Place, Philadelphia.

13 JUDGE TURNER: And you're a PGW customer?

14 THE WITNESS: Yes, I am.

15 JUDGE TURNER: Okay. Thank you.

16 THE WITNESS: My complaint is just about the same
17 as everyone else that has been up here. The gas company
18 employees are totally ridiculous. They are impolite.
19 You get on the phone, as the lady said, you hear the
20 music. If I wanted to hear music I would play it in my
21 own house.

22 One day I was so flustered with the gas company. I
23 had called and called and I was on that phone over an
24 hour. There was a gas truck sitting across the street
25 taking his little siesta. That really got to me. I got

1 in my car and I went down to 9th and Montgomery. And I
2 ain't telling you what I said down there but it really
3 wasn't nice. And they are sitting around running their
4 mouths. I mean, why do you pay a gas bill if you are not
5 going to get no service? You don't get any service for
6 the money that you pay.

7 I was out of town for a whole month. I come over
8 and I got a gas bill for \$60. \$60. I wasn't even home.
9 I got gas bills that are ridiculous. Half of the time I
10 have no heat on because I don't like it. I have my
11 windows open in the winter, my gas is down and I will
12 still get a bill for \$60 and \$70. You are not doing
13 anything but robbing people. That is the whole thing in
14 a nutshell. And you pay all this money and you rob each
15 other and then we got to pay your bills.

16 Thank you.

17 JUDGE TURNER: Thank you.

18 (Witness excused.)

19 JUDGE TURNER: Joe Barr.

20 Whereupon,

21 JOSEPH BARR

22 having previously been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 JUDGE TURNER: Good evening, sir.

25 THE WITNESS: Good evening.

1 JUDGE TURNER: You are a PGW customer, right?

2 THE WITNESS: Yes, I am.

3 JUDGE TURNER: State your name and address.

4 THE WITNESS: Joseph Barr, 1009 North 64th Street,
5 Philadelphia.

6 I have been a homeowner in Philadelphia for the
7 last 40 years. I have been paying electric bills, phone
8 bills, you name it. I even by the newspapers. But I
9 notice up until 1984 I had to pay as much as almost half
10 a dollar a minute to AT&T for long distance phone. Now I
11 am paying four cents a minute to somebody else. You know
12 why? Because in 1984 they broke up the monopoly and
13 everybody who wanted to offer long distance service could
14 do it. That is why the rate went down.

15 Incidentally, AT&T has charged a little less, a
16 nickle a minute, as opposed to almost 50 cents a minute.

17 Competition works. It worked so well in the long
18 distance company that in 1996 they passed the
19 Telecommunications Act and they were going to have
20 competition for the gas company, the electric company,
21 the local phone and cable and all that.

22 Well, let's see what happened when they allowed
23 competition for the electric service. I was one of the
24 first persons to join the pilot program. And as a result
25 of that at the end of a year my savings is enough to pay

1 for almost two months of electricity. Don't tell me
2 competition doesn't work.

3 Just last week I became aware that Bell Atlantic
4 or, rather, Verizon now, has competition for local
5 service. I checked out the options there. The same
6 thing I was getting from Verizon I now get from MCI for
7 \$10 less.

8 I just wonder why, then, has that part of the bill
9 that deals with the gas company not been enforced. We
10 know competition works.

11 Now, of all those companies -- forget the cable
12 company, but the others, long distance, electric -- they
13 are enforcing the law. It is the law of the land in
14 Pennsylvania.

15 During that time, my 40 years, I used to buy a
16 newspaper for ten cents apiece. There were three local
17 newspapers, the Daily News, the Inquirer and the
18 Bulletin. All individually owned. There was
19 competition. Now there is only two newspapers owned by
20 one company. That is why you are paying 50 cents a paper
21 -- 50 and 60.

22 So my question is if someone has a store, the only
23 store in town -- incidently, the 1996 act said that
24 monopolies are illegal. It is illegal for PGW to be the
25 only gas provider in this city according to the law.

1 Whereupon,

2 BARBARA CAREY

3 having previously been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE TURNER: Good everning, Ms. Carey.

6 THE WITNESS: Ladies and gentlemen --

7 JUDGE TURNER: Wait a minute. You are a PGW

8 customer?

9 THE WITNESS: Yes, I'm a PGW customer.

10 JUDGE TURNER: And will you state your address?

11 You stated your name, but your address is...?

12 THE WITNESS: 2053 North 63rd Street.

13 JUDGE TURNER: Thank you so much.

14 THE WITNESS: PGW wants a 30 percent increase in
15 the gas rate. And they want to discontinue the senior
16 citizens 20 percent discount. I am strongly against
17 both.

18 PGW has the nerve asking or suggesting taking away
19 the senior citizens 20 percent discount. I am a senior
20 citizen on a fixed income. My question to PGW is how am
21 I to pay this rate increase?

22 The citizens of Philadelphia, they have been used
23 by PGW. Now they want us to pay for their mismanagement
24 and the waste of money on the computer system and so
25 forth and so forth.

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1 PGW -- and this is all the statements that were
2 made this evening, they have been really been right to
3 the point -- PGW is overcharging some customers and
4 undercharging some. I have had gas bills -- not the last
5 few years when the winters were warm, but before -- my
6 gas bill per month were like \$700 and \$800. Some
7 friends, people and so forth, they didn't even read their
8 gas bill or they were so low. What is going on here?
9 And then when you go to PGW regarding your concerns, I
10 never did get an answer that I really understood. PGW
11 should pay our gas bills.

12 Thank you.

13 JUDGE TURNER: Thank you, Ms. Carey.

14 (Witness excused.)

15 JUDGE TURNER: Clara Ceaser.

16 Whereupon,

17 CLARA CEASER

18 having previously been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 JUDGE TURNER: Good evening, Ms. Ceaser.

21 THE WITNESS: Good evening. My name is Clara
22 Ceaser.

23 JUDGE TURNER: Why don't you spell that.

24 THE WITNESS: C-E-A-S-E-R.

25 JUDGE TURNER: Thank you.

1 THE WITNESS: And I live at 3041 West Fountain
2 Street.

3 JUDGE TURNER: And you're a PGW customer?

4 THE WITNESS: And I am a PGW customer.

5 I am so frustrated. And I am a senior citizen. I
6 am so frustrated with PGW until actually I don't even
7 know what to say about them.

8 About two weeks ago I was on my way out of the
9 door. I never received a statement from them about a
10 disconnection notice, okay. And I was on my way out the
11 door to go somewhere to get a 88 year woman up out of the
12 bed. And there were two people in the gas truck out in
13 front of my door. We come to collect or we going to shut
14 your gas off. I said, well, I didn't get a notice and
15 neither was my meter read. Well, we are going to shut it
16 off today. You want me to go in a read it? And I said,
17 no. I said, well, can I go and take care of this lady
18 and come back by the gas company and -- no. He went in
19 his truck and got the equipment to turn my gas off.
20 Luckily I had \$75 to keep him from shutting my gas off.

21 Before then they would come by and throw a notice
22 in my door, meter man, you know, a notice that the gas
23 reader was here. Never rang my doorbell. I complained
24 about that. They said they only have but so much time to
25 spend at each person's home. I said, well, they have to

1 allow a person to come down the steps. I don't live on
2 the steps. I live inside my house.

3 And another thing. If I had not listened to my
4 radio this morning I would have never knowed about this
5 meeting. At the bottom of our gas bill why couldn't we
6 have have gotten a notice about the meeting? They didn't
7 wants us to know about it. That's what it was. They
8 didn't want us to hear about the meeting.

9 We already got senior citizens dying because of no
10 heat. Can't pay a gas bill. Can't pay this or can't pay
11 that. What are you going to do, kill the rest of us?
12 When a person reach a certain age, I just think that they
13 want us to die and get on anyhow. Because I think they
14 think we are in somebody's way, and I don't think it's
15 fair.

16 I think that you all need to reconsider this raise
17 you are trying to get. Of you all messed up and made a
18 mistake, or your workers getting paid and they ain't
19 doing no work, then I think you tighten up on that and
20 leave the senior citizens alone.

21 JUDGE TURNER: Thank you.

22 (Witness excused.)

23 JUDGE TURNER: I was told off the record that in
24 fact the reason that there was not a notice in the gas
25 bill was set forth in an order by Judge Chestnut and I

1 would like to have a statement of that at the end of what
2 -- because that issue has been raised before and I
3 believe that Judge Chestnut determined that there should
4 not be a notice in the gas bill. Maybe the company can
5 explain that.

6 Yes, sir?

7 MEMBER OF AUDIENCE: Your Honor, that is where the
8 press come in at.

9 JUDGE TURNER: Well, it was in the newspaper but
10 several people here said they didn't read newspapers.

11 But anyway, I would just ask for that.

12 My next question is if Mr. Plaxton and Mr. Ferguson
13 would mind if Ms. Lightford went next because she has a
14 small child.

15 MR. STREET: Mr. Williams, who is the head of one
16 of the advisory boards in the third senatorial district
17 would like to testify.

18 JUDGE TURNER: Well, he can sign up. Surely.

19 Ms. Lightford.

20 Whereupon,

21 FREDRICA LIGHTFORD

22 having previously been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 JUDGE TURNER: I swore you in, but I didn't swear
25 the young man in. Is that okay?

1 THE WITNESS: That's fine.

2 JUDGE TURNER: Okay. Thank you.

3 Will you state your name and your address? And you
4 are a PGW customer, correct?

5 THE WITNESS: Yes. My name Fredrica Lightford and
6 I live at 807 Perkiomen Street. And I am a paying PGW
7 customer.

8 It is unfortunate that I don't have anything
9 different to say. Basically everybody has covered how
10 they feel about what is going on. Mr. Barr, it was very
11 informative how you put that together. That's the bottom
12 line, it is a business. It is the only business and
13 there is no competition so they have no reason to, you
14 know, adhere to what is going on. So The bottom line is
15 that the little man is always, you know, the one that has
16 to take the heat for, you know, the ones that causes the
17 problems.

18 JUDGE TURNER: Can you hear her?

19 THE WITNESS: I'm sorry.

20 JUDGE TURNER: Speak into the mike. You don't have
21 to repeat yourself, but just speak into the mike.

22 THE WITNESS: Like I said, there is not much I can
23 say. But, you know, just take into consideration -- you
24 can feel the surge, you can feel the overwhelmingness of
25 what people are saying, what people are feeling. You

1 have people that are on fixed incomes. And I don't think
2 it is not so much about the fixed. You have the working
3 people, the working poor, that have to adhere to paying
4 these bills as well.

5 There is nothing else really to say. Thank you.

6 JUDGE TURNER: Thank you, Ma'am.

7 (Witness excused.)

8 JUDGE TURNER: Mr. Plaxton.

9 Whereupon,

10 ARTHUR PLAXTON

11 having previously been duly sworn, testified as follows:

12 DIRECT TESTIMONY

13 JUDGE TURNER: Thank you for letting me take her
14 out of order.

15 THE WITNESS: That's fine.

16 JUDGE TURNER: Are you a PGW customer?

17 THE WITNESS: Yes.

18 JUDGE TURNER: And will you state your name and
19 address for the record?

20 THE WITNESS: My name is Arthur Plaxton. I live at
21 2022 Brandywine Street. I am a homeowner and a PGW
22 customer. In that role I am also a landlord. I am also
23 a former professor of management at both Drexel
24 University and at Philadelphia University. So I think I
25 am aware of what the story is from both a management

1 point of view and from a consumer point of view, both
2 from a homeowner point of view and from a tenant point of
3 view.

4 I am directing my testimony this evening on a
5 specific thing in the general base rate increase, namely,
6 the monthly consumer charge. I strongly feel that this
7 monthly consumer charge should be not increased to \$15
8 but, rather, lowered to \$4 where it was prior to July of
9 1999.

10 First, the increase that is proposed to \$15 is
11 based on a false premise. That premise is that all of
12 the customers should contribute equally to what PGW calls
13 its fixed costs. That means the executive salaries, the
14 cost of maintaining the pipelines and so on.

15 However, that is not really the way American
16 business works. Shouldn't customers contribute to fixed
17 costs in proportion to the quantity of the product used?
18 This is the norm throughout our economy.

19 PGW charging everyone \$15 a month is like your Acme
20 or your Pathmark charging you \$15 before you can walk
21 through the door, or a Wal-Mart or a Home Depot. What
22 would your reaction then be?

23 Or if we are looking at energy, the gasoline
24 companies, suppose they also required that before you
25 pulled up to your Sunoco, your Amoco station, that you

1 have your monthly \$15 charge paid because it costs them
2 just as much to operate their pumps whether you buy one
3 gallon or 100 gallons. So that is a -- this does not
4 make sense to increase the rate for that reason.

5 Secondly, the increase is contrary to a sensible
6 public policy which would reward conservation and
7 discourage wasteful use. By increasing the monthly
8 charge so the usage rate is not quite so high in reality
9 you are rewarding the wasteful and punishing those who
10 conserve energy.

11 Thirdly, the restructuring of charges with a higher
12 monthly cost increases the costs for those who live in
13 smaller homes or apartments proportionately more. Those
14 who live in apartments typically pay for the gas used for
15 cooking and possibly hot water, but the landlords pay for
16 the heat. The proposed increase to \$15 hurts
17 proportionately more those with less money who use less
18 gas.

19 Finally, let's make this more vivid by considering
20 two identical buildings. Let's consider two Philadelphia
21 row houses each of which has six apartments. And let's
22 say they are the same except for one thing. In one
23 apartment all of the apartments are individually metered
24 and then there would be a meter for the house heater,
25 which would be paid by the landlord. So you would have

1 seven meters in one building. In the other building
2 let's say nothing is separated so you just have one meter
3 with a landlord paying everything.

4 Now, under the proposed increase of the monthly
5 charge to \$15 PGW from this building with separate meters
6 would get \$105 rather than \$15 in monthly charges. That
7 105 rather than 15. So there is a difference of \$90
8 there.

9 Now, there are the same pipes leading into these
10 houses. There is the same amount of gas that is brought
11 from the suppliers elsewhere in the country. The only
12 difference is the cost of the bill that is sent out,
13 which sent out in bulk is 26 cents a month. There is a
14 little bit of depreciation on the meter. There is a
15 little bit of cost for reading the meters. The
16 difference in the one house, maybe it is three, four,
17 five dollars a month more. But \$90 a month?

18 In no way is a \$15 a month fee rather than a \$4 a
19 month fee something that makes sense, is just, equitable
20 or is compatible with the way American business in
21 general is run. If the Philadelphia Gas Works can't
22 provide gas at a reasonable cost perhaps it should be
23 sold or reorganized under entirely different ownership.

24 JUDGE TURNER: Thank you.

25 (Witness excused.)

1 JUDGE TURNER: Mr. Ferguson.

2 Whereupon,

3 EDWARD FERGUSON

4 having previously been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: My name is Ed Ferguson. I live at
7 6315 Ardleigh Street. I am retired from the department
8 of human services. I was a social work administrator.
9 And believe me, I have seen a lot of human suffering and
10 I have seen a lot of homeless people, a lot of people who
11 struggle to pay their bills. I am a PGW customer and I
12 am also a member of CEPA.

13 I testified before the gas commission maybe a
14 couple months ago and I am going to repeat what I
15 testified to then.

16 I have been on a budget plan for, I don't know,
17 maybe 20 years or more. And it is my understanding that
18 when you are on the budget plan that you are supposed to
19 get 12 pretty much equal bill payments. Of course I can
20 understand they can't be exactly equal because there will
21 be a difference from time to time. But what I don't
22 understand is that in June I got a bill for \$42 but it
23 showed I that had a credit for \$339. In August I got a
24 bill for \$142 but it showed after I paid that bill I had
25 a credit of \$440.42 I believe. In September I got a

1 bill, I paid a bill for \$71 and after paying the bill the
2 credit was \$499. And in October I got a bill for October
3 for \$71 and the credit showed \$556.34. My question is
4 what is happening to all that credit? Are you taking my
5 money to make money with interest?

6 My other concern is the services, especially the
7 telephone services. I remember one day -- I have a phone
8 that I can put on conference and I waited an hour and no
9 one ever answered the phone. The next day I tried for 45
10 minutes and no one answered the phone. The next day
11 about a half-hour and I eventually got someone on the
12 phone, but they could not explain to me why these bills
13 are what they are. And today I still have not received
14 an explanation.

15 Now, I know I can speak with someone from the gas
16 company. But someone referred to Mrs. Banks, who
17 testified, and as of last week even though she was told
18 to see someone her bill still had not been straightened
19 out.

20 My concern is if there are concerns and the same
21 problems why is it within two or three years no one has
22 been able to straighten those problems out? It seems to
23 me that someone other than the gas company needs to get
24 involved to find out what is happening.

25 I don't know whether you have outside audits or

1 not. But it would seem to me that these outside audits
2 should indicate where some of the problems are if the gas
3 company itself cannot find out.

4 Also, at the last hearing there was a doctor who
5 had her office right in her house and she had not
6 received a bill in a year. One year. And there were
7 other people who have not received bills. There have
8 been times when I have not received bills. But as one of
9 the ladies explained, I pay anyway. I can read my meter
10 so I know about how much I should pay. Rather than
11 getting a big bill, I pay as I go.

12 My question is -- well, let me state this: I think
13 before the gas company can determine how much they need I
14 think need to determine how much is owed to the gas
15 company. Because it is apparent a lot of money that is
16 owed to the gas company that has not been collected.

17 Thank you.

18 JUDGE TURNER: Do you want to talk to somebody from
19 the company tonight?

20 THE WITNESS: I will willing to talk to somebody.

21 JUDGE TURNER: Is there someone that --

22 THE WITNESS: The gentleman did offer to talk to
23 me. But I wanted to testify first.

24 JUDGE TURNER: I understand. I appreciate that.
25 But you will have time to talk to him.

1 Thank you.

2 (Witness excused.)

3 JUDGE TURNER: There is one more witness and then I
4 guess we are going to take a statement from Mr. Knudsen
5 about Mr. Pearson.

6 MR. CLEARFIELD: I can make a statement about the
7 other issues very quickly.

8 JUDGE TURNER: Okay.

9 Our last witness is Jewell Williams.

10 Good evening, Mr. Williams. I need to swear you
11 in.

12 Whereupon,

13 JEWELL WILLIAMS

14 having previously been duly sworn, testified as follows:

15 JUDGE TURNER: Will you state your name and spell
16 it for the record?

17 THE WITNESS: My name is Jewell Williams,
18 J-E-W-E-L-L, W-I-L-L-I-A-M-S.

19 JUDGE TURNER: And you have noted here Susquehanna
20 NAC?

21 THE WITNESS: Yes. Susquehanna Neighborhood
22 Advisory Council.

23 JUDGE TURNER: Are you a customer of PGW?

24 THE WITNESS: Our business is and our community
25 center is. So I would say yes.

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1 JUDGE TURNER: Okay. But you personally are not?

2 THE WITNESS: No.

3 JUDGE TURNER: Okay.

4 THE WITNESS: I have been the executive director
5 for the Susquehanna Neighborhood Advisory Council for
6 well over 20 years. And some of the problems that we
7 have been receiving from PGW over the years, our
8 organization represents 360 city blocks within the 32 and
9 21 zip codes.

10 The complaints that we get and the quality of
11 service that we receive from PGW is like the gentleman
12 that spoke just before me. The delay in services, the
13 complaints that never get answered. There are even times
14 when people who have medical conditions and problems
15 where we actually have to personally try to contact
16 people at PGW such as Jimmy Emmanuel, who have to go all
17 the way to try to get some assistance to some of our
18 people in north central Philadelphia.

19 So we are against the \$52 million increase in
20 general base rates. We are against it. We wanted to go
21 on record to say that we are not pleased with the
22 services we are receiving from PGW and we would hope
23 after these hearings and these testimonies that people
24 are giving that we can get a quality of service, a better
25 quality of service, for our community.

1 Thank you.

2 JUDGE TURNER: Thank you.

3 Can you give the spelling of that man's name to the
4 court reporter? Jimmy Emmanuel?

5 THE WITNESS: Yes. James Emmanuel.

6 JUDGE TURNER: E-M-M-A-N-U-E-L?

7 THE WITNESS: Yes. He is probably the only guy we
8 can talk to down there.

9 Thank you.

10 JUDGE TURNER: Thank you.

11 (Witness excused.)

12 JUDGE TURNER: Is there any other member of the
13 public here who would like to make a statement under
14 oath?

15 (No audible response.)

16 MS. HARRIS: Judge, I made a statement earlier but
17 I had gotten over five -- no -- about a thousand names
18 protesting this increase for the gas company and I sent
19 it to Harrisburg. I hope that that has some kind of
20 effect on their decisions.

21 JUDGE TURNER: Okay. Now, you are Sallie...

22 MEMBER OF AUDIENCE: I am Sallie Harris.

23 JUDGE TURNER: You sent them in. And as you are
24 saying, you are hoping it is received?

25 THE WITNESS: I know it was received. I sent it

1 through my state representative, Curtis Thomas' office.
2 So I know it was sent. And it was received because he
3 told me.

4 JUDGE TURNER: He received it and he gave it to the
5 Commission?

6 THE WITNESS: He mailed it and when he was in
7 Harrisburg he talked to them and he said they had
8 received the letters -- the petitions, rather.

9 JUDGE TURNER: Thank you.

10 I am hoping that anybody who wants to see that will
11 know where to find it. The should be in the document
12 folder.

13 Now, Mr. Clearfield, you said you wanted to make
14 some statements?

15 MR. CLEARFIELD: Well, Your Honor, you had asked
16 that we make a statement about the notice.

17 JUDGE TURNER: Yes, because several people had
18 concern and I believe one of your -- one of the gentlemen
19 with you tonight told me that that was in response to the
20 Judge's order.

21 MR. CLEARFIELD: Well, I'm not sure about that,
22 Your Honor. I don't want to mischaracterize without
23 looking at the order.

24 JUDGE TURNER: Okay.

25 MR. CLEARFIELD: I can tell you what happened was

1 the decision to have public input hearings at all was
2 made at the prehearing conference, which was August 25.

3 JUDGE TURNER: Right.

4 MR. CLEARFIELD: By the time we decided when the
5 hearings would occur was probably another week, maybe
6 another ten days. It takes two to three weeks from that
7 point to finalize the notice and get it approved and get
8 it printed. And then it takes another month to get it
9 into all the billing cycles. So it was simply impossible
10 to notify the customers about this hearing in the billing
11 cycle.

12 However, we did, as is I think also done and
13 frequently the sole means of notifying customers, we did
14 provide notices in all the newspapers, in the general
15 circulation newspapers. We have also provided some
16 notices in Spanish and also in some Spanish speaking
17 newspapers as well. And that was in the last several
18 days.

19 JUDGE TURNER: But I assume the company is
20 contemplating with the base rate case giving notices by
21 bill insert? I think that is standard.

22 MR. CLEARFIELD: In the permanent base rate case?

23 JUDGE TURNER: Yes.

24 MR. CLEARFIELD: I presume that in the permanent
25 base rate case we will have a prehearing conference

1 sufficiently in advance of the hearing that that would
2 not be a problem.

3 JUDGE TURNER: Okay.

4 Is there any other point you wanted to clarify for
5 the record?

6 MR. CLEARFIELD: I can mention a few things just
7 for the record, and I will try to do it very quickly.

8 JUDGE TURNER: I don't want you to testify, Mr.
9 Clearfield.

10 MR. CLEARFIELD: Well, one person asked why PGW was
11 still the only gas company in town and when the law was
12 going to provide for choice. Of course, the law does
13 provide for customer choice for PGW starting with the
14 restructuring case in 2002. So when we are under that
15 obligation we obviously will follow that.

16 JUDGE TURNER: Okay.

17 MR. CLEARFIELD: And the other issue was whether
18 there was an outside auditor that would be available to
19 examine this. Of course, the PUC has -- one of the first
20 acts of the PUC Commission was a management audit of PGW
21 which is ongoing and the results of which should be
22 available by the end of this calendar year.

23 JUDGE TURNER: So they will be available for the
24 rate case?

25 MR. CLEARFIELD: For the permanent rate case, yes,

1 Ma'am.

2 JUDGE TURNER: Thank you. I should make that
3 distinction, the permanent rate case.

4 And was there something to be said in explanation
5 of Mr. Pearson's bill or do you think that has been
6 addressed?

7 MR. KNUDSEN: We have clarified Mr. Pearson's bill
8 and we will be dealing with that.

9 I wanted to make one statement -- let me address it
10 from the podium.

11 JUDGE TURNER: Do I need to put you under oath?
12 Are you going to be giving testimony here.

13 MR. KNUDSEN: I want to give a little testimony,
14 yes.

15 JUDGE TURNER: Does any party object to that?
16 This is really not the time for testimony.

17 MR. KNUDSEN: That's fine. I wanted to respond to
18 Mr. Pearson's problems and we will do that tomorrow in
19 the formal hearings. That's fine.

20 JUDGE TURNER: That might be better. Thank you.
21 That is a good solution, Mr. Knudsen. I'm sorry I didn't
22 think of it.

23 In that case, are there any other clarifications on
24 behalf of the company?

25 MR. CLEARFIELD: No.

1 JUDGE TURNER: Are there any clarifications from
2 the public advocates?

3 (No audible response.)

4 JUDGE TURNER: Are there any other witnesses who
5 went to testify?

6 Sir?

7 MR. SILVER: Is it possible that I add one other
8 incident that I had experienced?

9 JUDGE TURNER: We normally don't allow people to
10 testify twice.

11 Let's go off the record.

12 (Discussion off the record.)

13 JUDGE TURNER: Back on the record. I will take the
14 testimony. Please be quick. I think you can be heard
15 from there. You still under oath.

16 Whereupon,

17 SAMUEL SILVER

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

20 DIRECT TESTIMONY

21 THE WITNESS: This was three years ago ago, I
22 believe. On the service contract, the annual contract, I
23 had the service man come out to clean the heater. He put
24 the white uniform on, complete white uniform, supposedly
25 cleaned the heater and at one point I even asked him,

1 aren't you supposed to take the covers off of the
2 burners. He said they are not dirty, I don't have to do
3 that. And once or twice I asked him, because I watched
4 him do it every year. I know what they do.

5 As I said, as a result of his poor job of cleaning
6 the heater, with the white uniform, it was just several
7 days after that that the whole heater blew up.

8 At that point, supervisors were out, two or three
9 of them came out. And as a result of that, they
10 acknowledged that the man did not do his job, they had to
11 replace practically the whole new heater.

12 That is just an example of the inefficiency again.

13 JUDGE TURNER: At their cost? At the company's
14 cost?

15 THE WITNESS: Yes, at their cost.

16 JUDGE TURNER: Thank you.

17 THE WITNESS: Thank you very much.

18 (Witness excused.)

19 JUDGE TURNER: I am not going to keep taking repeat
20 testimony from people.

21 MR. BARR: The only reason I asked --

22 JUDGE TURNER: Off the record.

23 (Discussion off the record.)

24 JUDGE TURNER: Back on the record.

25 We have now taken the testimony of all the

1 witnesses who wanted to testify and statements from the
2 participants. And Mr. Knudsen is going to give some
3 explanatory evidence tomorrow about the situation with
4 Mr. Pearson.

5 I thank you all for coming out. I thank you for
6 your patience. I thank you for your politeness to all of
7 the witnesses. You will see Judge Chestnut tomorrow and
8 from here on. Thank you for your courtesy to me.

9 We are adjourned.

10 (Whereupon, at 8:22 p.m., the public input hearing
11 was concluded.)

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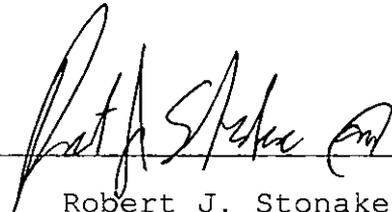
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C E R T I F I C A T E

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

8
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10
11
12 By:



A handwritten signature in cursive script, appearing to read "Robert J. Stonaker", is written over a horizontal line.

13 Robert J. Stonaker
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