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Pennsylvania Public Utility Commission
v. Philadelphia Gas Works :
: Docket No.
Philadelphia Gas Works (PGW) interim :
rate increase request. : R-00005654
:
Public Input Hearing. :
:
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Pages 333 through 402 Hearing Room No. 1
State Office Building
Broad and Spring Garden Streets
Philadelphia, Pennsylvania

Friday, September 29, 2000

Met, pursuant to notice, at 11:05 a.m.

BEFORE:

MARLANE R. CHESTNUT, Administrative Law Judge

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P R O C E E D I N G S

ADMINISTRATIVE LAW JUDGE MARLANE R. CHESTNUT:

Thank you very much for attending. This is the public input session with respect to the interim rate increase requested by Philadelphia Gas Works at Docket No. R-00005654.

I am Administrative Law Judge Marlane R. Chestnut and I am responsible for presiding over the hearings and taking the evidence that will produce the record that the Commission will use to make its decision concerning the company's request.

I want to take a few minutes and I want to explain what has happened so far, what the company is requesting, who the parties are. And I will explain how you can participate in this public hearing. And then I will introduce the representatives of the various parties and let them make a brief statement. But we are really here to hear from you so we will get to that as quickly as we can.

In terms of what the history of this is, in early August PGW filed two rate requests with the Pennsylvania Public Utility Commission. The first, at Docket No. R-00005619, is the company's request that it be permitted to increase its gas cost rate from 1.0982 cents per MCF to 2.7941 cents per MCF for the GCR year that did start

1 September 1st, 2000, through August 31, 2001.

2 These costs, which are recovered on a straight
3 dollar-for-dollar basis, mainly represent the company's
4 costs of buying gas as well as a few other items, such as
5 certain costs associated with the senior citizen
6 discount. They are set each year on a prospective basis
7 and then they are reconciled every year.

8 Now, the second rate filing at Docket No.
9 R-00005654 is for what has been called an interim rate
10 increase. This is an increase of approximately \$52
11 million which will be put into effect on an interim basis
12 pending the Commission's consideration of the company's
13 full base rate case which will be filed later on.

14 The company has alleged that this rate relief is
15 needed by early November in order to allow it to maintain
16 a minimal adequate level of financial health required to
17 fund operations and meet debt service requirements
18 through the winter heating season. And since there seems
19 to be some misunderstanding, it is not the proposed in
20 this case that the customer charge be increased. I want
21 to make that clear. That was contained in the company's
22 proposal before the gas commission, but it's not part of
23 this case.

24 On August 17 the Commission by separate orders
25 granted the company's request that these proceedings be

1 done on an expedited basis mainly so that any rate
2 decision can be put into effect prior to the winter
3 heating season. The Commission also imposed certain
4 conditions that would have to be met if any interim rate
5 relief were granted.

6 First, PGW must file a comprehensive base rate case
7 no later than January 1st, 2001. And in that case all of
8 the issues involved in the company's provision of service
9 and its rates will be examined.

10 Second, these interim rates are subject to refund
11 at the conclusion of that full base rate case if the
12 Commission determines that a lower level of rates is just
13 and reasonable. That is why these are called interim
14 rates.

15 Third, if the Commission ultimately decides that a
16 higher level of rates are just and reasonable, then PGW
17 will not be permitted to recoup the additional revenues.
18 They can't go back retroactively and charge you for the
19 difference in the rates.

20 And fourth, PGW will commit to implementing its
21 Transition to Excellence plan throughout this interim
22 period.

23 The company did accept all four conditions.

24 A significant step in the hearing process is the
25 public input hearing. This is usually the only chance

1 for ratepayers to participate directly in the process
2 right here in the company's service territory territory.
3 I will explain the procedure by which you can do this in
4 a moment but first I want to outline what has happened
5 and what the schedule is for the future.

6 We had a prehearing conference in this case on
7 August 25 where we worked out an expedited schedule that
8 results in a Commission decision in early November. The
9 active participants in these cases, in addition to PGW,
10 are the Office of Trial Staff or OTS, the Office of
11 Consumer Advocate or OCA, the Office of Small Business
12 Advocate or OSBA, and a consumer group consisting of the
13 Consumers Education and Protective Association, the
14 Association of Community Organizations for Reform Now,
15 Action Alliance of Senior Citizens of Greater
16 Philadelphia and the Tenants Action Group, which we call
17 CEPA, et al. There is also a group of industrial
18 customers and a group of apartment building owners.

19 At this point all the testimony has been filed in
20 the interim base rate case. What this means is the
21 company has in writing presented its testimony in support
22 of its requested increase and the other parties have each
23 presented their testimony explaining what the Commission
24 should do with respect to the company's request. Every
25 party also has had an opportunity to comment on the

1 positions taken by the other parties. Hearing in this
2 interim base rate case were held September 27 and 28 so
3 that the witnesses who presented testimony could be
4 subject to cross-examination. Hearings on the GCR case
5 will be held here next week, October 4 and 5. The first
6 day of hearings is always ten o'clock and the second day
7 is at nine o'clock. They are open to the public and
8 you're welcome to attend and observe. You may not
9 participate in these hearings, though.

10 Because hearings are sometimes cancelled or
11 changed, you should call the scheduling office -- and I
12 will give you the phone number -- the day before you plan
13 to attend to find out if the hearing will be held. That
14 phone number is (717) 787-4972.

15 When the hearings have been completed, which they
16 have in this part of the case, the parties will prepare
17 and submit to the Commission written briefs describing
18 the facts as they see them and the law they believe
19 should be applied to those facts. Main briefs are due
20 October 13 and responsive reply briefs are due October
21 20. The Commission will make its decision on or about
22 November 9.

23 Now, with respect to this public input hearing
24 there are three ways in which you may participate. The
25 first, and I urge you to do this, is you may testify

1 formally. This means that I will swear you in, the court
2 reporter will record and transcribe your statement and
3 you will be subject to cross-examine by any of the
4 parties present. I also may ask you some questions to
5 clarify your statement. To the extent that your
6 testimony is relevant, material and competent it may be
7 considered by the Commission and used in its decision.

8 If you choose to testify, and I strongly urge you
9 to do this, you will be asked to state and spell your
10 name, give your address and state that you are a customer
11 of PGW. If you are a former customer you may not
12 participate.

13 If you are appearing on behalf of a group or an
14 organization please state that. Do not be intimidated by
15 the terms I have used such as testimony and
16 cross-examination. We all recognize that you are not
17 lawyers or professional witnesses and I know that none of
18 the parties here would try to embarrass you in any way.
19 They may ask you any questions to clarify your statement.

20 The second method of participation is for you to
21 make an off the record statement. If you choose to do
22 this you will not be sworn in and the court reporter will
23 not record your remarks. I will make every effort not to
24 listen since neither the Commission nor I as a matter of
25 law can consider evidence which is not part of the

1 official record in this mace. In fact, I will probably
2 turn around so that my back is to you, so don't take it
3 personally.

4 If you choose to make an off the record statement
5 you will be asked to state your name and your address
6 and, again, if you are a customer and whether you are
7 representing a group or an organization. You will not be
8 subject to cross-examination.

9 The third method of participation is for you to
10 provide information to any of the attorneys representing
11 the parties here. Please do this during a break or at
12 the end of the session.

13 If you wish to testify or make an off the record
14 statement please make sure you sign up. We had somebody
15 out there with a sign-up sheet. If you have not done
16 that yet, that's okay. We will have a break and you can
17 do that. Please make sure if you do that you print your
18 name clearly.

19 I will call you in the order in which the names
20 appear on the list and ask if you intend to make an on
21 the record or an off the record statement. People who
22 testify because their comments are evidence that can be
23 considered by the Commission in arriving at a decision
24 will be first first. People who will be making an off
25 the record statement will be asked to wait until all

1 persons testifying under oath have been heard.

2 This public input hearing is your opportunity to
3 present evidence regarding the issues which are the
4 subject of these expedited proceedings. If you have
5 questions concerning the proposed rates or any questions,
6 actually, concerning the company I am sure there are
7 company representatives here who can answer them for you
8 during our break. Please don't use your speaking time to
9 do that.

10 I will not permit you to be abusive or rude or
11 argumentative, and I am sure nobody here will do that.
12 Please don't bring up any billing disputes or individual
13 problems that you have that are not relevant to the scope
14 of this proceeding. You are free to approach the company
15 representatives during a break or after the hearing and
16 discuss your issue with them directly.

17 I'm not sure. Does the company have customer
18 service representatives here today?

19 MR. CLEARFIELD: Yes, Your Honor.

20 JUDGE CHESTNUT: Okay. The company has the service
21 representatives. I think they are set up in the Bureau
22 of Consumer Services room next door, room 1310. If you
23 have a problem they can actually help you right then and
24 there. So go next door if you want to have your problems
25 addressed directly by the company right now instead of

1 trying to call the call center.

2 Finally, I want to remind everyone that this is a
3 legal proceeding. I don't want you to be intimidated or
4 nervous about getting up and speaking publicly. This is,
5 however, a serious and official hearing and I am sure you
6 will all act accordingly.

7 I will not at this point impose a time limit.
8 However, I would ask each speaker to limit himself or
9 herself to no more than two or three minutes so that
10 everybody has an opportunity to be heard. If you start
11 to ramble or there are some problems I will probably cut
12 you off but I hope you understand that it's not personal
13 and it is only so that everybody has a fair chance to
14 speak.

15 If you agree with a prior speaker just say so. You
16 don't have to repeat it. The fact that you are here and
17 saying it is really sufficient.

18 There will be a written transcript of this session
19 produced, as you can by the court reporter, and this will
20 referred to by the parties and considered by the
21 Commission.

22 Speaking of the Commission, I hope you know that
23 there are five Commissioners who will be deciding this
24 case. I would like no note the presence of Kirk House,
25 who is representing Commissioner Nora Brownell. And,

1 let's see, I am sure Commissioner Brownell will try to be
2 here but I understood that she is coming from Pittsburgh
3 or is in transit from Pittsburgh.

4 What I am going to do now is I am going to
5 introduce the parties and let them give a brief statement
6 about their positions and their role in this case. And
7 then we will recognize that there are certain elected
8 representatives here. In fact why don't I do that now.

9 I would like to thank Representative John Perzel,
10 the House Majority Speaker, and representative George
11 Kenney, who is here also. Thank you for attending.

12 What I am going to do now is go to the parties and
13 we will ask for them to comment on the case.

14 Mr. Clearfield.

15 MR. CLEARFIELD: Thank you, Your Honor.

16 Good morning, ladies and gentlemen. I am Dan
17 Clearfield and I am representing PGW in the proceeding
18 that Judge Chestnut raised. Welcome to you. Welcome to
19 Representative Perzel, Representative Kenney.

20 Today PGW in addition to myself has in attendance
21 both the interim chief executive officer, Kumar
22 Kishinchand, and also the chief financial officer on an
23 interim basis, Tom Knudsen. I think it is the first
24 public input hearing at the PUC that I have attended that
25 both of the top officials at the utility have attended

1 and I think that is worth noting. Also in attendance is
2 Les Fyock, who is the vice-president in charge of
3 regulatory affairs.

4 Now, for your consumer complaints or questions,
5 Lareto Farinas, who is the head of our customer
6 resolution unit, is here. I believe he is across the
7 hall -- I'm sorry. He is there in the first row there.
8 As well as two other people on his staff, Anthony
9 Langford and Annemarie Nagle, who are also here.

10 They are available to answer any of your questions
11 or handle any consumer complaints or problems that you
12 might have. They are going to be across the hall or in
13 the back behind us. Please feel free to go and speak
14 with them if you have a complaint or a concern either
15 right now or after the hearing. That is what they are
16 here for and that is what they would like to do.

17 As Judge Chestnut mentioned, this is the first PUC
18 proceeding involving PGW. This is historic in the sense
19 that this is the first set of public input hearings that
20 have ever been held for PGW with the PUC. So it is sort
21 of a historic moment here.

22 As Judge Chestnut also mentioned, these sessions
23 are really for you to express your views about PGW's
24 request. So what I want to do is quickly tell you what
25 PGW is requesting and why.

1 PGW has asked to raise your rates to cover two
2 things. One is the cost of gas that PGW buys, and also
3 to cover the costs of all the other things that are
4 required to provide service to you.

5 In total this will mean a \$22 a month increase for
6 the average residential heating customer. That is about
7 a 30 percent increase.

8 Now, we understand that is a tough number. That is
9 a lot of money. So why are we asking for that? Well,
10 there are two reasons.

11 First, gas costs have gone up. They have gone
12 through the roof. If you read in the newspaper, if you
13 listen to the radio -- in fact, there was a big article
14 in the USA Today yesterday -- that gas costs have been
15 going up 10 to 40 percent all over the country. These
16 are costs that we pass through, that we incur from the
17 people that we buy gas from and we have to pass them
18 through so that we can provide gas service to you.

19 Now, PGW does a good job in buying gas for its
20 customers. The OCA witness, Mr. LeLash, testified in the
21 case that PGW's prudent buying practices had actually
22 saved consumers almost \$30 million. But since last year,
23 as I said, wholesale prices have doubled. They have
24 actually more than doubled and we simply have to increase
25 those rates to recover those costs.

1 Well, there is another part of the case. That is
2 about a 20 percent increase. That is the gas cost part.
3 We have also asked to increase the base rates, the part
4 of the rate that covers all the other costs. Why do we
5 have to do that?

6 Well, everything else has gone up. All the costs
7 of providing gas service have gone up. The last time PGW
8 asked for a base rate case was 1992. That is over eight
9 years. We have tried to hold the line, but in the last
10 three winters it has been much warmer than normal in the
11 Philadelphia area. When it is warmer than normal gas
12 companies don't sell as much gas and when they don't sell
13 as much gas they don't as much revenue to recover all
14 their costs. So PGW decided regretably that they had to
15 ask the Commission for additional dollars so that they
16 can continue to make the payroll, pay their employees, to
17 make sure they continue to buy gas, to make sure that
18 they have the reserves that our lenders demand and I
19 think most importantly to make sure that we can continue
20 to make the system safe and reliable. That is really one
21 of our chief goals and our chief concerns.

22 So we have asked the Commission for a ten percent
23 increase. Now, it is subject to refund. If after the
24 fact and in more in-depth hearings the Commission decides
25 that we didn't deserve all that we will refund some of

1 those dollars. So it is important for us to be able to
2 continue to provide service.

3 But is it important for another reason. It is part
4 of this overall plan that Judge Chestnut mentioned, our
5 commitment to excellence. As you may know, Mayor Street
6 has installed a whole new management team at PGW. In
7 addition to Mr. Knudsen and Mr. Kishinchand, he has also
8 appointed Steve Hershey, who is the former public
9 advocate, to be part of the management team. These
10 three, as well as a number of other people that were
11 already at the company, have dedicated themselves to a
12 couple of things, very simple things: try to make sure
13 that customers continue to receive safe and adequate gas
14 service. Again, that is the most important thing.

15 Second, we want to try to improve service. We all
16 know there are a lot of things that can be improved.
17 They are working everyday to try to do that. And also to
18 make the company nor efficient. They have worked very
19 hard at that and we think we are making some
20 improvements. We are fixing or we have fixed our billing
21 problem. We are working on the computer system.

22 But these are not things that are going to be seen
23 overnight. They are not things that we are going to be
24 able to say it's all done. It's not. We have to keep
25 working at those things and we are planning to do that.

1 Now, several of the parties have I think in good
2 faith suggested that instead of increasing the rates we
3 should get the city to waive the payment that is required
4 under the law, the \$18 million that PGW is required to
5 pay to the city. Now, we understand that that sounds
6 like a reasonable solution at first flush. But really
7 that \$18 million payment is the only line of defense that
8 PGW has if things really go bad during this winter.

9 Now, the city has made a commitment. It has agreed
10 to consider a \$45 million loan to PGW and also has agreed
11 to consider giving us back or letting us waive this \$18
12 million. It is a major commitment. They have never done
13 that as far as I know. But, again, we see that as a last
14 ditch defense, a last backstop. In our view if we took
15 that money instead of the rate increase it is almost like
16 burning the roof of your house to get fuel to keep you
17 warm. If you absolutely have to do it I suppose you do
18 it but you certainly avoid that if you can. And that is
19 where we are at.

20 We don't want to ask for these dollars. We regret
21 that we have. But we really feel that we have exhausted
22 every other possibility.

23 On behalf of PGW we thank you for coming and we are
24 all anxious to hear what you have to say today. If you
25 have further questions I am available at any point during

1 the hearing.

2 Thank you.

3 JUDGE CHESTNUT: Can everybody hear me? Then I
4 won't bother with this microphone.

5 Thank you, Mr. Clearfield. The next --

6 MEMBER OF AUDIENCE: It's hard to here.

7 JUDGE CHESTNUT: Then I will use it.

8 Thank you very much, Mr. Clearfield.

9 The next person I would like to recognize is Sonny
10 Popowsky, who is the Consumer Advocate for the
11 Commonwealth.

12 MR. POPOWSKY: Thank you, Judge Chestnut.

13 Welcome to all of you, Representative Perzel,
14 Representative Kenney and all the PGW ratepayers.

15 My name is Sonny Popowsky. I am the Consumer
16 Advocate of Pennsylvania. We are a state office located
17 in Harrisburg but when the General Assembly saw fit to
18 give the jurisdiction over the rates and service of PGW
19 to the Public Utility Commission, to have the Public
20 Utility Commission rule on that in the future, the
21 General Assembly also included a provision in that
22 legislation that assured that our office, the Office of
23 Consumer Advocate, would also be there, would be involved
24 in these cases, in order to represent you, the consumer,
25 to make sure that your views were heard and that somebody

1 was there to present professional expert advocacy on
2 behalf of the consumers in these cases. So it is a honor
3 to be here before you. It is a honor to participate in
4 this first PGW case at the PUC on your behalf.

5 We have presented expert testimony, not just on the
6 gas cost rate but also on the base rate case involving
7 PGW's request for \$52 million in additional funds. We
8 clearly don't agree with PGW that they need as much money
9 from you as they are asking for.

10 The purpose of today's hearing and the hearing we
11 had on Tuesday night is to hear from you and your elected
12 representatives. We look forward to your testimony and
13 we hope to be able to use your testimony in the arguments
14 that we make to the Commission when they have to decide
15 this difficult case.

16 So thank you for coming and if you have any
17 questions for me, please, I will be here as long as
18 necessary. With me today is Steve Keene from our office,
19 who is one of the attorneys who is working on the case.
20 We will be here to try to help you and answer any
21 questions that you have.

22 Thank you very much.

23 JUDGE CHESTNUT: Thank you, Mr. Popowsky.

24 The next person I would like to introduce to you is
25 Mr. Charles Hoffman. He is head of the Commission's

1 Office of Trial Staff.

2 MR. HOFFMAN: Thank you, Your Honor. I can stay
3 right here.

4 As the Judge said, my name is Charles Hoffman. I
5 am the director of the Commission's Office of Trial
6 Staff. We are what is called a quasi-independent body
7 within the Commission who has been charged by the
8 Pennsylvania Legislature with the responsibility to
9 represent ratepayers' interests before the Public Utility
10 Commission in cases such as this.

11 While we have been involved in cases with PECO and
12 other companies here in Philadelphia, this is of course
13 our first go-round with PGW.

14 Our purpose, of course, for being here today is to
15 listen to your testimony, so we are looking forward to
16 that. So I would like to end my remarks and just
17 indicate that we do urge you all to testify under oath so
18 that we can use your testimony in the record.

19 Thank you very much.

20 JUDGE CHESTNUT: Thank you, Mr. Hoffman.

21 The next person I would like to recognize is
22 Mr. Bernard Ryan, who is the Small Business Advocate.

23 MR. RYAN: I am Bernard Ryan. I didn't clear my
24 plans with the Judge. Angela Jones, an Assistant Small
25 Business Advocate in my office has been handling the case

1 and if I may I will defer to Angela.

2 JUDGE CHESTNUT: I'm sorry. Sorry. Certainly.
3 Ms. Jones.

4 MS. JONES: Thank you, Your Honor.

5 I don't have a large booming voice as my boss does
6 so I decided to come up to the lecturn.

7 Good morning, ladies and gentlemen. It is my
8 pleasure to be here with you in your fair city of
9 brotherly love. Our office represents the particular
10 interests of small businesses as consumer. And we are a
11 state office located in Harrisburg, similar to the Office
12 of Consumer Advocate. We are in the case to protect the
13 interests of small businesses.

14 If you have any questions for us, myself and the
15 Small Business Advocate, Mr. Ryan, will be available to
16 answer any questions. We are very much interested in
17 your views on this case.

18 We would implore you to testify under oath so that
19 we may use those views in front of the Commission. We
20 are here to hear what you have to say so I will take my
21 seat.

22 JUDGE CHESTNUT: Thank you, Ms. Jones.

23 The Counsel representing the coalition of community
24 groups is Mr. Philip Bertocci.

25 MR. BERTOCCI: Thank you, Your Honor.

1 Good morning, everyone. I am Philip Bertocci. I
2 am a lawyer with Community Legal Services. I represent
3 Action Alliance of Senior Citizens, many of whom I see
4 today. We had CEPA and ACORN at the public input hearing
5 a few days ago. I am glad to see in the broad light of
6 day the seniors coming out at 11 o'clock to also do what
7 they need to do.

8 We are the city of brotherly love but we fight for
9 what we think is right. And we fight with our brothers
10 and sisters for what we think is right. And in this case
11 we are being faced with a rate increase which we are
12 being told is around 30 percent but I am telling you
13 right now that cumulatively in the end you are going to
14 see a rate increase just on the basis of gas costs alone
15 which is more than 30 percent.

16 The Judge rightly said the standard is just and
17 reasonable. Most of us know what just and reasonable
18 means but if you want to boil it down a little more I
19 would say just and reasonable means fair. And that is
20 the question. And that is what we want to hear from you.
21 Do you think it is fair for PGW to take a rate increase
22 of \$52 million and then pay essentially \$18 million right
23 back to the city? Basically what we have is the city
24 asking ratepayers to pay more so that the city can still
25 get its \$18 million payment regardless of what has

1 happen.

2 We are asking you do you think it is fair to have
3 an emergency rate increase in this situation where we are
4 already facing huge increases in gas costs, do you think
5 it is fair when we know that at this point the city has
6 not done everything it can do to lessen the blows upon
7 you.

8 These are the issues that are before us today.
9 These are the issues that we are going to be talking
10 about for probably the next month or so. We need you to
11 come in and give your opinions about what would be just
12 and reasonable.

13 That is the standard. That is what is in the
14 constitution and that is what binds the Public Utility
15 Commission. This is your chance to make your voice
16 heard.

17 Thank you very much.

18 JUDGE CHESTNUT: Thank you, Mr. Bertocci.

19 Now that we have had to sit through all the lawyers
20 earning their money we can get to the real purpose of
21 this public input hearing.

22 Representative Perzel, would you come up, please?
23 Representative, would you raise right hand, please?

24

25

1 Whereupon,

2 JOHN PERZEL

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE CHESTNUT: Please give and spell your name
6 for the record.

7 THE WITNESS: My name is John Perzel, P-E-R-Z-E-L

8 JUDGE CHESTNUT: Go ahead, sir.

9 THE WITNESS: Good morning. I would like to say
10 thank you very much to the Pennsylvania Public Utility
11 Commission for offering me the opportunity and the people
12 of Philadelphia the opportunity, the people that pay my
13 salary that I represent, to speak out about the
14 Philadelphia Gas Works and its latest effort to increase
15 gas rates that are already some of the highest in the
16 nation.

17 Joining me here today, as we have mentioned several
18 times before is Representative George Kenney and Bernice
19 Secore, who is representing Senator Salvatore.

20 We have no secret of our opposition to the rate
21 increase that they are asking for here today. We are
22 asking the PUC to reject their plan. Philadelphia Gas
23 Works' request for an interim rate increase of \$52
24 million per year in its base rate and \$95 million per
25 year in its gas cost rate is not only far beyond what the

1 people of Philadelphia can afford to pay but is beyond
2 what they should pay.

3 The Philadelphia Gas Works is anything but a well
4 oiled machine. Its long history of inefficiency and
5 mismanagement is what is driving the cost sky-high here.
6 Take the billing system, for example. Some customers
7 have gone for more than a year without a single bill
8 while others are basically being penalized for keeping up
9 with their current payments.

10 I represent in my area the Northeast Community
11 Center. They were getting bills, 400, 400, 400, 20,000,
12 400, 400. I had people door-to-door after I met with
13 executives from the Philadelphia Gas Works and told me by
14 mid-September that this would all be straightened out,
15 and I'm still getting people who are telling me they get
16 outrageous bills of \$2,000 and \$3,000 and \$4,000. That
17 is absolutely ludicrous. I was told it was going to be
18 straightened out by mid-September and it's not. And they
19 just said today that they know that it's not straightened
20 out after they came and told me that it would be. Is
21 that a fair statement?

22 PGW rarely goes after delinquent customers and it
23 has some of the high delinquency rates around the
24 neighborhood, almost the whole Commonwealth of
25 Pennsylvania. No wonder they are running short on cash.

1 Many of my constituents can tell me time after time
2 horror story after horror story about the customer
3 service at Philadelphia Gas Works. It was mentioned here
4 already by the Consumer Advocate.

5 Customers are lucky if they can get through on the
6 phone and when they do PGW employees are unresponsive at
7 best and sometimes downright rude. Yet they did have two
8 people here today across the hall to hear the problems
9 that you have.

10 Finally, decisions at PGW have not been made based
11 on what is best for the customers. Politics have always
12 been the main concern of the utilities managers. After
13 all, that is how every one of them got their jobs.

14 The people of Philadelphia have been paying long
15 enough for the incompetence that has been expressed by
16 the Philadelphia Gas Works. They should not have to
17 spend more of their hard earned money to bail out an
18 organization that puts their interests dead last.

19 As proposed Philadelphia Gas Works' plan would cost
20 the average natural gas customer in Philadelphia an
21 additional \$267. That is \$267 on top of the gas bills
22 that are already through the roof.

23 I have said it before but I am going to say it
24 again and I am going to keep repeating go it: this is
25 years of poor management at the Philadelphia Gas Works

1 that have left this organization unable to pay its bills
2 despite high rates and tax exempt status in the
3 Commonwealth of Pennsylvania.

4 Philadelphia Gas Works' customers should not have
5 to pay for the organization's mistakes. It's time to get
6 the accountability from the gas works that the people of
7 Pennsylvania and the people of Philadelphia deserve.
8 Thousands of Philadelphians agree with me and I am
9 submitting evidence of that along with my testimony here
10 today.

11 This summer I launched a grassroots petition drive
12 to try to get as many people to sign as I possibly could.
13 We actually ran out of time. We have well over 6,000
14 signature here and I know that we should be able to get
15 10,000 before the case comes to a resolution. Many of
16 them are from around my legislative district but of them
17 are from Senator Salvatore's and Representative Kenney's
18 areas. They say it is time for the utility to stop
19 abusing your hard-earned money.

20 Many people have called and stopped by my office to
21 voice their opposition to the rate increase and their
22 anger over the poor service that they receive at the
23 Philadelphia Gas Works. But people aren't just angry
24 about the proposal. Many of them are scared. They don't
25 know how they are going to keep their homes warm this

1 winter when their gas bills get as high they are about to
2 get if they get the proposed rate increase they are
3 asking for.

4 I would like to read to you some of the comments
5 that accompanied the number of petitions that were
6 returned to my office.

7 Please do all you can to stop this increase,
8 Representative.

9 Definitely no high gas increase. Please help.

10 John, we are paying our bills on time but on social
11 security we seniors really can't afford these increases.
12 Thank you for caring.

13 And I'm glad to see all of you here who also care.

14 Now let's take the time to talk about the senior
15 citizens discount. Even though this last couple like
16 many others enjoy the 20 percent discount on their
17 monthly bills, an increase is an increase. They too will
18 suffer under PGW's proposed rate hike.

19 Currently 80,000 seniors enjoy the senior citizen
20 discount and although PGW's proposal does not take the
21 benefit away from anyone who is currently receiving it, I
22 am dismayed by the utility's proposed cut in the program
23 for future recipients. Under PGW's plan seniors could
24 earn no more than 12,525 individually and 16,875 as a
25 couple to qualify for the assistance. These limits are

1 too low and would leave many seniors struggling to pay
2 their bills during these next cold months that are about
3 to come upon us. I will not standby and watch PGW take
4 this discount away from people who need it to pay for
5 more of its own inefficent management.

6 I do recognize that we do need to place some sort
7 of income limits on the program, which they should have
8 recognized years and years and years ago. I don't think
9 it is right that millionaires get a discount either. So
10 I have to suggest that setting those income limits at a
11 reasonable 18,000 for an individual senior and 23,000 for
12 a couple. These guidelines would ensure that the seniors
13 who need it most would be able to get the help necessary
14 to warm their homes during the many cold days to come.

15 Philadelphia's natural gas customers have suffered
16 long enough. It is time to stop the Philadelphia Gas
17 Works once and for all.

18 In conclusion I want to commend the members of the
19 PUC for what you have already done: to help bring us some
20 level of accountability at the Philadelphia Gas Works.
21 The Commission has created a memorandum of understanding
22 with the Philadelphia Gas Works that requires major
23 improvements in customer service. The Commission also
24 has ordered PGW to immediately develop a more aggressive
25 safety and inspection system to ensure that the aging gas

1 JUDGE CHESTNUT: And your address, please?

2 THE WITNESS: 3424 Indian Queen Lane in
3 Philadelphia. That is in East Falls.

4 JUDGE CHESTNUT: And you are a customer of PGW?

5 THE WITNESS: Yes, Ma'am, I am.

6 JUDGE CHESTNUT: Go ahead, then, please.

7 THE WITNESS: I have not received a gas bill since
8 September the 30th of 1999. I am paying basically what I
9 think was a figure of \$56. I have received a call
10 stating they were shutting me off for non-payment.

11 I have been to -- I wrote a letter to this
12 gentleman's office, the gas commissioner, Mr. Kahooski.
13 And his wife signed it. No answer. I have been to Frank
14 Rizzo. No answer. I have been to Michael Nutter. No
15 answer.

16 Well, we have a new computer system. We don't want
17 to hear that. We want to see black and white what we
18 paid. Are we being credited to our accounts?

19 I got a bill here dated July 27. Please pay the
20 amount 164.23, balance \$1,075.38. I have got credit for
21 three payments -- and if anybody wants to see it, I will
22 show you -- three payments for 1999 and two payments for
23 the year 2000.

24 I have xeroxed all my letters, all my bills.
25 Nobody answers. Can these people that sit behind the

1 desk read or write? They all got big cars, big salaries,
2 but they can't stick up for the seniors. They got to
3 remember any time we as seniors or anybody pays a gas
4 bill we are paying their salary. And I think it is
5 unfair that this gas company has the thought of even
6 raising the gas bills.

7 I mean, I sent all these letters registered, return
8 receipt and his wife, right here in black and white,
9 signed it. Did I get an answer from him as the gas
10 commissioner? No. He lives a half-block from me on
11 Colton Street. Can he read?

12 JUDGE CHESTNUT: Excuse me. Ms. Beasley, who do
13 you mean by him?

14 THE WITNESS: I beg your pardon. I'm sorry, Your
15 Honor. Mr. Kumar -- and I know I'll mispronounce the
16 last name -- Kahooski. Because it was in our
17 neighborhood newspaper, and his picture too. And he
18 can't even read or write. Seriously.

19 JUDGE CHESTNUT: I really don't think we need
20 personal attacks. If you could go on to the issues.

21 THE WITNESS: I beg your pardon, Your Honor.

22 All I want is what I paid, what I owe and a
23 balance. Could I kindly have a bill every month?

24 You have a new computer system. If you don't know
25 how to work it, get people in there. And don't, you

1 know, don't push us senior citizens down the river. We
2 pay the salaries here.

3 Thank you, Ma'am.

4 JUDGE CHESTNUT: Thank you very much, Ms. Beasley.

5 MS. JONES: Your Honor, she wasn't sworn.

6 JUDGE CHESTNUT: I beg your pardon. I didn't swear
7 you in.

8 THE WITNESS: I will start over again.

9 JUDGE CHESTNUT: No, no. We can make it
10 retroactive.

11 Whereupon,

12 ANNA MAE BEASLEY

13 was duly sworn.

14 JUDGE CHESTNUT: Thank you very much.

15 MR. CLEARFIELD: Can I ask just one question?

16 JUDGE CHESTNUT: Certainly.

17 CROSS-EXAMINATION

18 BY MR. CLEARFIELD:

19 Q. Ma'am, we are very sorry that you have had
20 these problems. As I said before, there are individuals
21 over there who would be delighted to try to work this
22 out. Can I just as, are you a budget billing customer?

23 A. Yes, I am, sir.

24 MR. CLEARFIELD: Thank you.

25 THE WITNESS: You're quite welcome.

1 JUDGE CHESTNUT: Thank you very much.

2 THE WITNESS: You're welcome, Ma'am.

3 (Witness excused.)

4 JUDGE CHESTNUT: The next person on the list is
5 Loretta Lynch.

6 Whereupon,

7 LORETTA LYNCH

8 having been duly sworn, testified as follows:

9 DIRECT EXAMINATION

10 JUDGE CHESTNUT: Would you please give and spell
11 your name for the record?

12 THE WITNESS: My name is Ms. Loretta Lynch and the
13 last name is L-Y-N-C-H.

14 JUDGE CHESTNUT: And your address, please?

15 THE WITNESS: 5409 Wynnefield Avenue.

16 JUDGE CHESTNUT: That is Philadelphia?

17 THE WITNESS: Yes, it is zip code 19131.

18 JUDGE CHESTNUT: And you are a customer of PGW?

19 THE WITNESS: Yes, I am, Your Honor.

20 JUDGE CHESTNUT: Thank you, Ms. Lynch. Go ahead.

21 THE WITNESS: You're quite welcome.

22 Good morning or afternoon to everyone and to the
23 Honor, giving honor to whom honor is due, tribute to whom
24 it is due.

25 I am here as a single layperson and an owner of

1 property --

2 MEMBER OF THE AUDIENCE: Speak into the mike.

3 THE WITNESS: Okay. Thank you very much.

4 Let me start back over again. I am a lay
5 individual and I am a property owner. All right. I came
6 and what prompted me to come is the person that was here
7 previously before me was absolutely correct. The lady
8 present before me is absolutely correct. I am going to
9 make it short and brief darlings.

10 This is what has been happening to me. I have
11 repeatedly got bills. I had to take meter readings, one
12 after the other, the whole year of 1999, three quarters
13 of the year of 2000. I have repeatedly been abused by
14 the gas company, the state of Pennsylvania, the City of
15 Philadelphia. I come against these individuals as on the
16 device, a gadget, object and tool and weapon against the
17 senior citizens of Philadelphia of Pennsylvania. I hope
18 none of the commissioners, none of the gas officials,
19 will be in a position to go by their gadget, their
20 object, their tool and their weapon of framing and using
21 conspiracy against us.

22 I am a low income individual and I do not
23 appreciate paying my bill on time. I do not appreciate
24 them using their computer operators to come with their
25 easy bang past my home and they never stop there. How do

1 I know? Because the cars are lined there and parked at
2 the curb.

3 All right. I only want a commissioner to go over
4 how they have escalated my bill. I went up as high as
5 \$611. I am trying of being depressed, oppressed and put
6 under extreme unnecessary stress. My senior citizens
7 check is not for the gas company to pay for educational
8 programs for you.

9 Have a nice day everyone.

10 JUDGE CHESTNUT: Thank you very much, Ms. Lynch?

11 THE WITNESS: You're welcome.

12 (Witness excused.)

13 JUDGE CHESTNUT: The next person is Leray
14 Williamson.

15 Whereupon,

16 LERAY WILLIAMSON

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE CHESTNUT: Please give and spell your name
20 for the record.

21 THE WITNESS: My name is Leray Williamson. That is
22 W-I-L-L-I-A-M-S-O-N. And I live at 1502 West Oakdale
23 Street, Philadelphia, Pa. 19132. And I am a gas user in
24 my house.

25 Good morning, everyone. My name is Leray

1 Williamson. I am a member of Action Alliance of Senior
2 Citizens. I am also on the utility committee -- I have
3 been on quite a few years -- in my organization. I am a
4 board member of Action Alliance also.

5 I had testified before on the gas rate increase and
6 I said that the city owned utility is supposed to help
7 its citizens. We all had mismanagement by the city and
8 we all know there is no free lunch. But in the city they
9 got into this situation that the city should get us out.

10 A letter from the city to PGW is good enough but not
11 enough. The City of Philadelphia has made a real
12 contribution to giving back the 18 million to get PGW
13 back on their feet.

14 Many of us senior citizens are already feeling the
15 pressure from the rate increase. For the senior citizens
16 on fixed income wonder where the additional dollars will
17 come from. Real choices have to be made.

18 Again, I ask the City of Philadelphia and Mayor
19 Street to come to the assistance of the senior citizens
20 of Philadelphia. We ask the Public Utility Commission to
21 reject this rate increase until the City of Philadelphia
22 acts in good faith by returning the \$18 million. Only
23 then can PGW come back with different numbers and a more
24 decent request.

25 Thank you very much.

1 JUDGE CHESTNUT: Thank you very much, Ms.
2 Williamson.

3 (Witness excused.)

4 JUDGE CHESTNUT: That takes us to as Sylvia
5 Cunningham.

6 Whereupon,

7 SYLVIA CUNNINGHAM

8 having been duly sworn, testified as follows:

9 DIRECT TESTIMONY

10 JUDGE CHESTNUT: Please give and spell your name.

11 THE WITNESS: Sylvia, S-Y-L-V-I-A, Cunningham,
12 C-U-N-N-I-N-G-H-A-M.

13 JUDGE CHESTNUT: And your address, please?

14 THE WITNESS: 5233 Euclid Avenue.

15 JUDGE CHESTNUT: And are you a --

16 THE WITNESS: Philadelphia, Pennsylvania.

17 JUDGE CHESTNUT: Are you a PGW customer?

18 THE WITNESS: Yes, I am.

19 JUDGE CHESTNUT: Thank you.

20 THE WITNESS: Good morning. My name is Sylvia
21 Cunningham. I am a member of 55 Alive Senior Citizens
22 and also a member of Action Alliance of Senior Citizens.

23 I came here this morning to tell the Philadelphia
24 Gas Commission and the Pennsylvania Utility Commission
25 that I cannot afford an increase of 30 percent in the gas

1 bill. I am struggling to pay my bill. Not only am I
2 faced with high increases in fuel oil now I have to find
3 an additional \$10 a month for gas.

4 My income is very low. I receive exactly about
5 \$700 a month to survive. Now I have to find additional
6 \$10 a month for my gas. My income is very low and I feel
7 overwhelmed by this increase.

8 I ask the City of Philadelphia and Mayor Street to
9 come to my aid. Return the 18 million annual payment to
10 PGW. Help your citizens.

11 Thank you.

12 JUDGE CHESTNUT: Thank you very much,
13 Ms. Cunningham.

14 (Witness excused.)

15 JUDGE CHESTNUT: The next person is Marguerite
16 Townsend.

17 (Pause.)

18 JUDGE CHESTNUT: Okay. The next person -- is it
19 Susie Gaddy?

20 Whereupon,

21 SUSIE GADDY

22 having been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 JUDGE CHESTNUT: Please give and spell your name
25 for the record.

1 THE WITNESS: Susie Gaddy, S-U-S-I-E, G-A-D-D-Y.

2 JUDGE CHESTNUT: And your address, please?

3 THE WITNESS: 2126 North Uber, U-B-E-R, Street,
4 19121.

5 JUDGE CHESTNUT: And you are a customer?

6 THE WITNESS: I am just here to inform about my
7 high gas bill and what they have did to me.

8 Now, quite a few years ago when they had raised the
9 bill on different people they claimed that a lot of
10 people wasn't paying their bill and it went into effect,
11 \$4. With me, mine was \$10. And I just only have a
12 private home and I just was there with my family. And I
13 was wondering, they are still charging me the \$10. Why
14 is it that I have to pay \$10 and when they start this it
15 was \$4? And mine is still \$10. Plus my high bill in the
16 winter, \$400 and \$500 a month. And I am a senior
17 citizen. And I say I have to come and appeal against
18 that.

19 That is all I have to say.

20 JUDGE CHESTNUT: Thank you, Ms. Gaddy. Perhaps
21 somebody can help you with your billing problems.

22 MR. CLEARFIELD: Ma'am, there are people behind us
23 who could take a look at your bill and give you an
24 explanation.

25 THE WITNESS: Thank you.

(Witness excused.)

1
2 JUDGE CHESTNUT: Is it either Janie or Jamie
3 Wright?

4 Whereupon,

5 JANIE WRIGHT

6 having been duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 JUDGE CHESTNUT: Would you please state and spell
9 your name for the record?

10 THE WITNESS: My name is Janie, J-A-N-I-E, Wright
11 with a W.

12 JUDGE CHESTNUT: And your address, please?

13 THE WITNESS: My address is 2435 West Norris
14 Street, Philadelphia, 19121.

15 JUDGE CHESTNUT: And are you a customer of PGW?

16 THE WITNESS: I am a customer.

17 I am here to say that if the PGW wants a rate they
18 should train their men before they send them out. I had
19 a man come out last year. I was having a problem with my
20 heater. And he stated to me that the heater was eating
21 dirt. Now, maybe you know that terminology but I don't.
22 Then I had a problem with my gas range and the man that
23 came out did not know what to do with it and I had to
24 call outside help to get it fixed.

25 Now, if you go on the budget -- this is the

1 question I would like to have answered for me -- if you
2 are on the budget do you pay the budget 12 months out of
3 the year or through the heating season? I don't
4 understand. I am a senior citizen. I have health
5 problems.

6 I called for the last two days to PGW, 235-2050,
7 and that line stays busy all day long. You cannot get
8 through. I have health problems. I have to get a bath
9 every morning and every night. I don't have any heat in
10 my house to get a bath. What must I do?

11 If I am on the budget I am not aware but I pay \$68
12 12 months out of the year. And I think it is too much.
13 I am a single person, senior citizen, living alone. And
14 the rate you are going, I will not be able to stay in my
15 home. And if they are requesting a rate do not give it
16 to them because they do not deserve it.

17 Thank you.

18 JUDGE CHESTNUT: Thank you very much, Ms. Wright.

19 (Witness excused.)

20 JUDGE CHESTNUT: Ruby Howard.

21 Whereupon,

22 RUDY HOWARD

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 JUDGE CHESTNUT: Please give and spell your name

1 for the record.

2 THE WITNESS: My name is Ruby J. Howard,
3 H-O-W-A-R-D.

4 JUDGE CHESTNUT: And your address, please?

5 THE WITNESS: My address is 750 North Uber Street.
6 I live in Franceville section.

7 JUDGE CHESTNUT: Is that part of Philadelphia?

8 THE WITNESS: Yes, Franceville section.

9 JUDGE CHESTNUT: And are you a PGW customer?

10 THE WITNESS: Yes, I am.

11 JUDGE CHESTNUT: Ms. Howard, go ahead.

12 THE WITNESS: I am complaining about them going up
13 on our gas bill to help pay their mistake. I don't think
14 that is fair. And I would like for someone to help us.

15 JUDGE CHESTNUT: Thank you very much, Ms. Howard.

16 (Witness excused.)

17 JUDGE CHESTNUT: Ann Washington.

18 MS. WASHINGTON: Good morning.

19 JUDGE CHESTNUT: Hello.

20 Whereupon,

21 ANN WASHINGTON

22 having been duly sworn, testified as follows:

23 JUDGE CHESTNUT: Would you please give and spell
24 your name for the record? Speak into the microphone.

25 THE WITNESS: Ann R. Washington,

1 W-A-S-H-I-N-G-T-O-N.

2 JUDGE CHESTNUT: And your address, please?

3 THE WITNESS: 3762 North 18th Street.

4 JUDGE CHESTNUT: That is Philadelphia?

5 THE WITNESS: Philadelphia, Pennsylvania.

6 JUDGE CHESTNUT: And you are a customer of PGW?

7 THE WITNESS: Yes, I am.

8 JUDGE CHESTNUT: Go ahead, please, Ms. Washington.

9 THE WITNESS: Okay. As of the present and current
10 time I receive a statement from PGW stating that I will
11 owe \$1,392.50. Here is a litany. In 1987 my was bill
12 was \$74.38. In 1988 my gas bills was \$1,345.42. In 1989
13 my gas bill was \$2000. In 1990 my gas bill went up to
14 \$4,000. In 1991 my gas bill went up to \$2,417.06. In
15 1992 my gas bill went up to 2,051.59. In 1993 my gas
16 bill, 1,560. In 1994 my gas bill was 2,821.57. In 1995
17 my gas bill was 4,203.45. And it just has been going on
18 and on and on.

19 I have gone to numerous amount of people. I have
20 went and applied for crisis gas and all. I received
21 statements as of the current statement indicating that I
22 never went for any LIHEAP makeup or crisis, no credit at
23 all. But still I am receiving these astronomical bills.

24 As of 1997 I turned my gas heat off and hasn't put
25 it back on yet. And I just received another bill for

1 1,342.50. Just to try and find out exactly and have
2 people come out and to find out where these bills are
3 coming from and talk with each and every one.

4 Not only that, my PECO bill, I just received a bill
5 for \$3,136.58. And it is going on and on. And this is
6 from 1983 on up.

7 Something needs to be done. I really do need some
8 help as to try and find out exactly that is going on
9 where the gas and my electric are concerned.

10 Thank you.

11 JUDGE CHESTNUT: Thank you, Ms. Washington.

12 (Witness excused.)

13 JUDGE CHESTNUT: Ann -- I am not going to say this
14 right but I think you know who you are.

15 Whereupon,

16 ANN CZAJKA

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE CHESTNUT: Please give and spell your name
20 for the record,

21 THE WITNESS: My name is Ann Czajka, C-Z-A-J-K-A,
22 and I am representing my agency, New Kensington CDC,
23 which is a counseling agency that helps low income
24 people.

25 One of the things I would like to say is that we

1 service over 1,200 low income clients a year. Many of
2 these clients are single head of households with children
3 and also female senior head of households. These clients
4 have a hard enough time meeting their bills as it is
5 without the increase. The level of increase in the cost
6 of living that many of these people receive each year
7 does not cover the ever-rising costs of all the services
8 which gas is only one.

9 The current household in Philadelphia has had to
10 deal with total restructuring of all their utilities across
11 the board: PECO, water, now gas. Money of the
12 restructuring costs were very large so the residential
13 household in Philadelphia has taken a big cut across the
14 board. The current household in Philadelphia has to deal
15 with this restructuring.

16 The proposal that you are giving to increase the
17 average household is \$97 for base rate and \$169 for gas
18 cost rate, totaling \$266 per year. Correct me if I'm
19 wrong because I was reading the rates and I could be
20 wrong. Divide this by 12 and the average household is
21 going to get an increase of \$22 per month.

22 How is the low income consumer going to pay these
23 bills? They will continue to be on the rise. Even when
24 you are on affordable payment plan it continues to grow.
25 How can the middle income Philadelphian keep up with

1 these rates? Even people who are middle class can't keep
2 up with some of the rates that are being bombarded to
3 them.

4 If our winter is very cold it will mean that many
5 will not be able to pay their bills and many will have to
6 make the choice of paying their bill or eating.

7 Another area of concern is the constant stories
8 indicating the mismanagement of funds by CEO and
9 executives of the company through their lavish spending
10 accounts. It is frustrating for a community to hear this
11 and hear about increases. They need to be more
12 accountable with their spending to the public, especially
13 since we pay for it. Everyone should have a conservative
14 budget to work with and those rates should be kept at a
15 minimum. I hope that the PUC will do a better job in the
16 area of keeping the gas company accountable.

17 As the costs of gas continue to rise the gas
18 company needs to put more emphasis on education and
19 conservation treatments. In the past the CRP program was
20 done by community-based organizations and we did detailed
21 sessions where people were given the rules of
22 responsibility of payment as well as doing their part in
23 conservation. These areas should be a joint venture.

24 We used to have people come in and do actually the
25 consumer education. We would break down typical things

1 that people can do in their home. For instance,
2 changing, keeping the utility set at a lower pace, just
3 letting people know that for every degree they set back
4 there is a three percent cost change that is going to be
5 a savings. Just getting them into better habits.
6 Unfortunately it younger generation is just not there
7 with the conservation issues. So those are the biggest
8 problems that I see in our agency.

9 I don't think that the answer is an excess charge.
10 On CRP if you overuse your using then you get an excess
11 charge placed on you. This doesn't work. People can't
12 pay it so it just adds on. It doesn't help the issue.
13 Whereas if we could teach them how to change behavior and
14 change how to work within their budget, then I think that
15 works better than being placed on clients who don't meet
16 the conservation goals.

17 There needs to be a follow-up to see where they are
18 failing. Rather than penalize them let's find out where
19 they are doing the, you know, the behaviors wrong. What
20 is the problem? If I can pull apart the gas bill I can
21 pretty much figure out where the person is doing their
22 problems.

23 And I will tell you, you know, there are faults on
24 both sides. People don't know how to use their energies.
25 I have gone into houses of low income that don't have a

1 clue. I mean, I come in, they are in shorts during the
2 wintertime. It is just like the behavior modification
3 has got to be addressed if we are going to make these
4 conservation programs work.

5 And I'll tell you what, the seniors already got
6 those skills. It ain't the seniors that got the skills
7 that need to be worked on, it's the younger generation.

8 We should put weatherization into households and
9 then make people accountable for behavior change.
10 If conservation behavior changes are not done they should
11 be allowed to either go back to the regular billing
12 system or choose a locked mandatory gas setting of 65
13 degrees on the thermostat to keep programs affordable.

14 Those are choices. Either people have to play
15 within the program or they have to take the consequences.
16 I think some of the problems of these programs is that
17 there are no consequences. That is a learning curve.

18 There are many households in Philadelphia that lack
19 the skills in conservation areas especially in the
20 younger generation. Most seniors are excellent at these
21 programs because they have been raised in times and
22 periods of limited resources.

23 I strongly believe that the neighborhood-based
24 organizations and the gas company together can have an
25 effective team in educating people about choices. The

1 welfare reform and overall climate of our nation is to
2 bring people into self-sufficiency. I hope that you will
3 consider some of the suggestions on how we can provide
4 services to our community and still keep things
5 affordable. I hope the PUC will challenge the
6 Philadelphia Gas Company to go back and look over their
7 proposal and see whether they can reduce some more costs.

8 Again, I would like to take the opportunity to
9 thank you for expressing my opinion.

10 JUDGE CHESTNUT: Thank you very much, Ms. Czajka.

11 (Witness excused.)

12 JUDGE CHESTNUT: Lydia Williams.

13 Whereupon,

14 LYDIA WILLIAMS

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 JUDGE CHESTNUT: Please give and spell your name
18 for the record.

19 THE WITNESS: My name is Lydia, L-Y-D-I-A, A.
20 Williams, W-I-L-L-I-A-M-S.

21 JUDGE CHESTNUT: Your address?

22 THE WITNESS: 6157 Old York Road. And I am a
23 customer of PGW.

24 JUDGE CHESTNUT: I assume that is in Philadelphia,
25 then?

1 THE WITNESS: Yes.

2 JUDGE CHESTNUT: Go ahead.

3 THE WITNESS: I am here to not to protest a rate
4 increase. I understand that costs go up year after year.
5 What I am here to protest is the amount of the increase
6 and the excuse by the gas commission that they have not
7 raised rates since 1992.

8 Since 1992 the Philadelphia Gas Commission has
9 introduced something called a customer service charge,
10 which is now \$8 a month. It is one thing to be charged
11 for the gas that you use. It is another thing to pay
12 extra added administrative costs.

13 As I go through my bills now, for example July,
14 39.33 percent of my bill is this cost of service used
15 customer service. August, 37.89 percent. September,
16 40.87 percent. It is too high. There is no excuse for
17 that. There is no excuse for that type of payment to
18 cover poor administration. I don't mind paying for the
19 gas that I use but it is another thing which I detest to
20 pay administrative costs.

21 Secondly, I too have had problems in calling the
22 gas commission. You always get a busy signal or you get
23 told to hold on. One thing that I find that does get
24 service out of the gas commission is those words of last
25 resort: I smell gas. That seems to bring them out every

1 time and it should not have to to get an answer about
2 your bill, to get your meter read or anything else.

3 With this, I would say, PGW deserves possibly a
4 raise for bringing the gas to Philadelphia. But they do
5 not deserve a raise to cover their administrative costs.

6 Thank you.

7 JUDGE CHESTNUT: Thank you, Ms. Williams.

8 (Witness excused.)

9 JUDGE CHESTNUT: I have come to the end of the
10 sign-up sheet that I have. So we will take a five minute
11 break and then we will come back and see if anybody else
12 has signed up.

13 (Recess.)

14 JUDGE CHESTNUT: We would like to get started
15 again.

16 Curtis Thomas, please.

17 Whereupon,

18 CURTIS THOMAS

19 having been duly sworn, testified as follows:

20 JUDGE CHESTNUT: Please give and spell your name
21 for the record.

22 THE WITNESS: My name is W. Curtis Thomas and I am
23 a State Representative, 181st Legislative District.

24 Commissioner, I would like to thank you and all the
25 members of the Public Utility Commission. I appreciate

1 you taking the time to listen to my concerns as well as
2 the concerns of my constituents who are subject to this
3 excessive 30 percent rate increase requested by
4 Philadelphia Gas Works.

5 I would say excessive is a kind word for their
6 request. A better word would be cruel and disgraceful,
7 and I am here today on behalf of my constituents and on
8 behalf of all PGW's customers to ask the Public Utility
9 Commission to soundly deny this request.

10 Please allow me to highlight five major points that
11 would support my position.

12 First, Philadelphia Gas Works has to this date and
13 time failed to provide the citizens of Philadelphia with
14 documentation to support such an extreme request. The
15 149 million that is projected to line the pockets, line
16 the company's pockets, will come at the expense of
17 consumers who can least afford to pay this excessive
18 bill. It will come at the expense of each and every
19 consumer to the tune of an additional \$272 per year per
20 customer.

21 Secondly, Philadelphia Gas Works and its management
22 has failed to demonstrate to their customers and to the
23 state a clear management and finance plan for the
24 operation of this facility. This, to me, is an outright
25 indication that they do not know how additional money,

1 let alone the rates they are already charging consumers,
2 would truly affect the operations.

3 Third, PGW has failed to fix its million
4 dollar-plus computer system or develop an alternative
5 customer response system which is user friendly and
6 results driven. Why approve a 149 million rate increase
7 and you can't get a telephone call through for complaints
8 or repairs? The company has failed to fix its computer
9 system that continues to malfunction.

10 Fourth, Philadelphia citizens already are
11 overburdened with additional property tax assessments,
12 increased utility costs and higher telephone rates.

13 Lastly, this increase would place a tremendous
14 burden that too many of our residents will not be able to
15 deal with. There are some 7,000 residents 65 and over
16 living in my legislative district and you can best be
17 assured that a vast majority of them are living on
18 limited fixed incomes. This increase would definitely
19 put them in a position where they can't even rob Peter to
20 pay Paul.

21 Now, I understand that PGW is asking for 70 million
22 more. Are they just throwing out numbers here hoping to
23 get anything they ask for? What kind of accountability
24 are they providing the state and their customers? I
25 would say none.

1 That is why I am again asking you to reject the
2 Philadelphia Gas Works rate increase request. By
3 rejecting their request you will be sending PGW and their
4 customers a clear and resounding message that the state
5 will demand accountability from them and that we will not
6 approve any increase until they get their house in order.

7 Now, if the PUC should decide to approve this
8 unjustifiable request then I urge that such approval be
9 predicated on the following conditions:

10 Number one, do not give approval to the total
11 request. Phase in the increase over a two year period.

12 Two, require quarterly justification and
13 documentation for approval.

14 Three, require submission of a budget which
15 outlines savings from the elimination of unnecessary top
16 and middle level managers, the elimination of wasteful
17 procurement practices and the elimination of unnecessary
18 legal and technical services that are purchased. Apply
19 the savings to prospective requests for phased in
20 increases.

21 Require quarterly submission of operational and
22 financial reports.

23 Require the development and implementation of a
24 customer relations program which is user friendly and
25 performance based.

1 Thank you for this opportunity. Please remember
2 that what you do in response to this request will
3 ultimately decide what happens to the residents of this
4 great city. Do the right thing. Reject this application
5 for an increase and if not at a minimum impose
6 appropriate conditions that will protect the interests of
7 PGW customers, especially those who are suffering through
8 no fault of their own.

9 And, Commissioner, I would like for the record to
10 reflect that as a member of the Pennsylvania House of
11 Representatives I did not support the PUC taking
12 jurisdiction of this municipal facility. And while I did
13 not support jurisdiction, today I am thankful for
14 jurisdiction because the local level, will local
15 regulatory agencies, have failed to secure the kind of
16 accountability that I think the residents of Philadelphia
17 County require, demand and is necessary. And so I hope
18 that this jurisdiction does not become another layer of
19 unnecessary bureaucracy. I hope that the jurisdiction
20 has substance and I hope that the interests of the
21 residents of Philadelphia County, especially those
22 residents who are customers of PGW, I hope that that
23 interest is always of paramount importance.

24 Thank you.

25 JUDGE CHESTNUT: Thank you very much,

1 Representative Thomas.

2 (Witness excused.)

3 JUDGE CHESTNUT: The next person is Pedro
4 Rodriguez.

5 Whereupon,

6 PEDRO RODRIGUEZ

7 having duly affirmed, testified as follows:

8 DIRECT TESTIMONY

9 JUDGE CHESTNUT: Please give and spell your name
10 for the record.

11 THE WITNESS: Pedro Rodriguez, P-E-D-R-O,
12 R-O-D-R-I-G-U-E-Z, 2124 North Hancock Street,
13 Philadelphia, Pennsylvania. I am a PGW customer.

14 Your Honor, I was not intending on speaking here
15 this morning. Some of our members have done a very good
16 job of explaining the reasons why seniors and the
17 ratepayers, customers of PGW, are asking the PUC to
18 reject this outrageous request. But I also would like to
19 remind a number of things to the PUC.

20 First, that Action Alliance was against the change
21 in jurisdiction from the locally accountable Philadelphia
22 Gas Commission to the PUC. We still remain opposed to
23 that. How many citizens and customers of PGW were in
24 Harrisburg last Tuesday? If you see what is happening to
25 the customers of PGW that have a history of being able to

1 at least attempt to get their elected officials on a more
2 accountable basis to deal with the problems of PGW on a
3 local basis, that now has been removed.

4 PGW has been and continues to be a political
5 football, a political football in which the ratepayers of
6 the city pay no matter who wins, no matter who loses.
7 And they pay and they pay and they pay.

8 Just this morning one of the witnesses sworn before
9 you was playing another football game with the ratepayers
10 of Philadelphia when we himself spoke about the 20
11 percent senior citizen discount. It was that
12 individual's legislation that first eliminated the
13 discount and when the seniors protested in his district
14 that was happening then he put an amendment to
15 grandfather those who were getting the discount now. But
16 now that the other residents of that district who are
17 turning 64 and 65 who want the 20 percent discount are
18 complaining at his doors, now he is talking about means
19 testing the program. Seniors do not want a welfare
20 program with a 20 percent discount. We want a universal
21 program that helps people who stay in this city to
22 contribute to the city, to be able to stay by giving just
23 a little break on the gas bill with the 20 percent
24 discount.

25 We will continue to defend the 20 percent senior

1 citizens discount. And I don't know how the PUC for the
2 time being while you have jurisdiction over PGW will deal
3 with this issue.

4 We will continue to oppose unreasonable rate
5 requests. We will continue to demand that the mayor of
6 this city, the City of Philadelphia, play in good faith
7 by returning the \$18 million to PGW first for the next
8 three years as a way of PGW to begin to rebuild itself.

9 We have too much gained going on with PGW. And on
10 top of that, now we have the game of trying to pit the
11 older residents, the older customers, against the rest by
12 raising the issue with the 20 percent senior citizens
13 discount. We maintain that the only one who has
14 jurisdiction over the discount is the Philadelphia City
15 Council. Now the citizens of Philadelphia have already
16 been stripened of one level of accountability by removing
17 jurisdiction to Harrisburg. Don't mess around now with
18 trying to take another piece of our way to govern
19 ourselves by discussing the 20 percent senior citizens
20 discount. The 20 percent should remain as it, as an
21 universal program for those over 65.

22 Thank you very much.

23 JUDGE CHESTNUT: Thank you, Mr. Rodriguez.

24 (Witness excused.)

25 JUDGE CHESTNUT: I have come to the end of the

1 people who have signed up to speak. Is there anybody
2 that wants to speak who hasn't signed up.

3 In the back?

4 MEMBER OF AUDIENCE: No, I didn't sign up.

5 JUDGE CHESTNUT: Come on up and sign up and we will
6 listen to you.

7 Whereupon,

8 B.M. BRADFORD

9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 JUDGE CHESTNUT: Please give and spell your name
12 for the record.

13 THE WITNESS: My name is B.M. Bradford, B as in
14 boy, R as in rat, A-D-F-O-R-D.

15 JUDGE CHESTNUT: And your address?

16 THE WITNESS: 5545 Elmwood Avenue, Philadelphia
17 19143.

18 JUDGE CHESTNUT: And you are a PGW customer?

19 THE WITNESS: I am a PGW customer. Do we have a
20 choice? I don't think so.

21 Has anyone here left from PGW?

22 MR. CLEARFIELD: We are all here.

23 THE WITNESS: Okay. Questions. What is -- when
24 you say 22 percent, what are you talking about?

25 Twenty-two percent of what? Or, rather, 30 percent now.

1 MR. CLEARFIELD: Thirty percent of your -- of the
2 average customer residential heating customer's annual
3 bill. It is a \$22 a month increase for the average
4 residential heating customer.

5 THE WITNESS: And what do you consider average?

6 MR. CLEARFIELD: 100 MCF, 100 units of gas a year.

7 THE WITNESS: That comes to at the current rate?

8 MR. CLEARFIELD: About \$800.

9 THE WITNESS: Okay. Right there that is screwy,
10 especially for people with older homes and older heaters.
11 I still have a gravity heater in my house. It isn't even
12 called a hot air heater. It's called a gravity heater.
13 There is no blower. Heat just goes according to the way
14 the air circulates in the house.

15 MR. CLEARFIELD: Well, that's why it is an average
16 Ma'am. Some people are going to pay more and some people
17 are going to pay less.

18 THE WITNESS: I understand. But 800 I don't think
19 is even realistic, especially for some people with two
20 and three story homes and more than one person in the
21 household. I happen to live in a cottage so I don't have
22 a second floor. I just had insulation put in. I may be
23 in better shape than some other people in my area in
24 southwest Philadelphia. But 30 percent and you are
25 saying 22 a month is not really working out the same, at

1 least not the way I see it.

2 And who is the person that mentioned gasoline? He
3 spoke of gas and said gas is higher. Everybody knows gas
4 is higher these days. What gas is he talking about?

5 MR. CLEARFIELD: Natural gas, Ma'am.

6 THE WITNESS: We don't run cars on natural gas.
7 You said the prices are getting higher. You talking
8 about down in Florida and southwest?

9 JUDGE CHESTNUT: Excuse me. Ms. Bradford, if you
10 want to make some comments relative to the company's
11 request that would be great.

12 THE WITNESS: I am.

13 JUDGE CHESTNUT: If you want to talk to
14 Mr. Clearfield after this would that would be fine?

15 THE WITNESS: The company is requesting a raise.
16 We want to know what the raise is about.

17 JUDGE CHESTNUT: But Mr. Clearfield explained that.

18 THE WITNESS: No, he hasn't.

19 JUDGE CHESTNUT: If you want to talk to him, okay.
20 But I would really like to hear --

21 THE WITNESS: He spoke -- he mentioned it. I am
22 asking about what he said.

23 JUDGE CHESTNUT: Ms. Bradford, I don't want you to
24 get into an argument with Mr. Clearfield.

25 THE WITNESS: I'm not getting into an argument.

1 I'm asking questions.

2 JUDGE CHESTNUT: If you want to ask clarifications
3 after the hearing, that's fine. We are not here to hear
4 Mr. Clearfield. We are here to hear you. Thank you.

5 THE WITNESS: You heard me. I am asking a question
6 of Mr. Clearfield. And I think the raise is too high.
7 Is that what you want to hear?

8 JUDGE CHESTNUT: Yes. I would like your opinion.

9 THE WITNESS: It's too high. And I am what might
10 have been called working poor at one time and I get too
11 much money to even get a break as a senior citizen. And
12 it is too high for me. Because if you try to find out
13 about the break from the state they ask you how much do
14 you make. And if you make over a certain amount you are
15 out. You don't count for that over 65 business because
16 your income coming in per month for one person in the
17 household is too much as far as they are concerned. So
18 there is a discrepancy.

19 And if that is what you want to hear, that is what
20 you have, Ma'am.

21 Peace.

22 (Witness excused.)

23 JUDGE CHESTNUT: Perhaps somebody could explain to
24 Ms. Bradford, I don't think there is a means test for the
25 senior citizen discount, is there?

1 MR. CLEARFIELD: No.

2 JUDGE CHESTNUT: So the fact that she is making
3 money doesn't mean she can't qualify for it.

4 MR. BERTOCCI: She was referring to LIHEAP, Your
5 Honor.

6 JUDGE CHESTNUT: Okay.
7 Whereupon,

8 ESTHER COLEMAN
9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 JUDGE CHESTNUT: Please give and spell your name
12 for the record.

13 THE WITNESS: Good morning. My name is Ms. Esther
14 Coleman.

15 JUDGE CHESTNUT: Ms. Coleman, your address?

16 THE WITNESS: 2247 North 18th Street. Zip 32.

17 The question, what I have in mind, is all of the
18 houses I notice, those that have been torn down for
19 various reasons, the gas company is not getting any more
20 money. They are losing money. All of these houses,
21 nobody is paying that. And it seems to me that they are
22 suffering a loss of income. So it seems to me like those
23 of us who are still living in our homes are asked to pay
24 more money for this increase because they are not getting
25 any money. And this is what it looks to me, that we have

1 to pay for whatever the old houses are not paying because
2 they are not there and the gas is cut off. That seems to
3 me like, you know, that the gas company needs the money
4 but they are asking us to pay for it.

5 That is what I have to say.

6 Thank you.

7 JUDGE CHESTNUT: Thank you very much, Ms. Coleman.

8 JUDGE CHESTNUT: Is there anybody else?

9 (No audible response.)

10 JUDGE CHESTNUT: Thank you very much for attending.

11 I am sure the Commission will take the time to thoroughly
12 review -- oh, I'm sorry. Mr. Popowsky, you did have
13 something, didn't you?

14 MR. POPOWSKY: Yes, Your Honor.

15 I have distributed to the other parties and to the
16 court reporter and to Your Honor a statement that we
17 received yesterday from Mr. Rick Spector --

18 MEMBER OF AUDIENCE: We can't hear you.

19 MR. POPOWSKY: I'm sorry.

20 I am submitting a statement that was received by
21 our office, the Office of Consumer Advocate, by Mr. Rick
22 Spector, who is with the Philadelphia Corporation for
23 Aging. He was not able to be here today. However, he
24 asked our office to submit to the Judge and for the
25 Commission files in this case a statement from the

1 Philadelphia Corporation for Aging expressing a concern
2 about this rate increase and the impact that it will have
3 on Philadelphia's senior citizens.

4 So, Your Honor, I would like to have this added to
5 the record in the case.

6 JUDGE CHESTNUT: Thank you, Mr. Popowsky. It will
7 be made part of the record.

8 Thank you for coming out. I am sure the Commission
9 will thoroughly consider your comments when it comes to
10 its decision concerning the company's request for a rate
11 increase.

12 Does any party that have anything further before we
13 adjourn?

14 (No audible response.)

15 JUDGE CHESTNUT: Thank you very much. This hearing
16 is adjourned.

17 MS. JONES: Thank you, Your Honor.

18 MR. POPOWSKY: Thank you, Your Honor.

19 (Whereupon, at 12:45 p.m., the public input hearing
20 was concluded.)

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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.

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