

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

ORIGINAL

Pennsylvania Public Utility Commission

v. Philadelphia Gas Works

Rate increase.

Public Input Hearing.

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:
Docket No.
: R-00061931
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: C0001-C0067
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:
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Pages 240 through 358

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Community College of Philadelphia
18th & Callowhill Streets
Philadelphia, Pennsylvania

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Monday, April 9, 2007

Met, pursuant to adjournment, at 1:02 p.m.

BEFORE:

CYNTHIA WILLIAMS FORDHAM, Administrative Law Judge
ANGELA T. JONES, Administrative Law Judge

ALSO PRESENT:

WENDELL HOLLAND, Chairman of the Commission

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FORM 1

P R O C E E D I N G S

ADMINISTRATIVE LAW JUDGE CYNTHIA WILLIAMS FORDHAM:

Good afternoon. We are ready to begin. Could everyone take their seats, please?

(Pause.)

JUDGE FORDHAM: I'm Administrative Law Judge Cynthia Williams Fordham, and to my left is Administrative Law Judge Angela Jones. We are the Judges that have been assigned to conduct this public input hearing and to prepare a recommended decision for the Commission's review and approval.

At this time, I'd like to introduce the attorneys who are at the tables on either side of us. To my right and your left is Daniel Clearfield, Esquire who is representing Philadelphia Gas Works.

To my left and your right is Thu Tran, representing Action Alliance of Senior Citizens of Greater Philadelphia and Tenants Union Representative Network, and next to her is Sharon Webb from the Office of Small Business Advocate, and next to her is Darryl Lawrence of the Office of Consumer Advocate, and at the end is Richard A. Kanaskie from the Pennsylvania Public Utility Commission's Office of Trial Staff.

There are two types of rate proceedings for gas companies. There are base rate proceedings and gas cost

1 rate proceedings. You received a blue bill stuffer which
2 looks like this (indicating) entitled, notice of proposed
3 rate increase, and that's regarding this particular
4 proceeding.

5 Base rate proceedings address the amount that you pay
6 for your customer charge and the gas you consume. As you
7 know, this case is about PGW's proposed rate increase
8 designed to produce approximately \$107 million in additional
9 annual revenue which is an average increase of approximately
10 11 percent. PGW is asking the Commission for permission to
11 increase your distribution charge. Recently, you received a
12 green bill stuffer which is titled, notice of proposed gas
13 cost rate decrease. This relates to the gas cost rate
14 proceeding and that is being handled by another Judge.

15 On December 22, 2006, the Philadelphia Gas Works
16 filed with the Pennsylvania Public Utility Commission
17 Supplement No. 16 to Tariff Gas - Pa. P.U.C. No. 2 to become
18 effective February 20, 2007.

19 By order entered February 8, 2007, the Commission
20 started an investigation to determine whether the proposed
21 tariff filing and the supporting data indicating the
22 proposed changes in rates, rules and regulations are
23 unlawful, unjust, unreasonable and contrary to the public
24 interest. In addition, the investigation includes
25 considering whether the company's existing rates, rules and

1 regulations are reasonable. Pursuant to 66 Pa. C.S. Section
2 1308(d), the Commission suspended the proposed supplemental
3 tariff filing until September 20, 2007 unless otherwise
4 directed by Commission order. On March 5, 2007, PGW
5 supplemented its tariff filing to extend the suspension to
6 September 28, 2007. The case was assigned to the Office of
7 Administrative Law Judge for prompt scheduling of hearings
8 and for issuing a recommended decision.

9 To date, 68 formal complaints have been filed. On
10 December 28, 2006, counsel for the Office of Trial Staff
11 entered a notice of appearance. The Office of Consumer
12 Advocate filed a formal complaint and public statement on
13 January 5, 2007 against the proposed rate increase. On
14 January 18, 2007, the Office of Small Business Advocate
15 filed a formal complaint and public statement opposing the
16 proposed rate increase.

17 Action Alliance of Senior Citizens of Greater
18 Philadelphia and Tenant Union Representative Network filed a
19 formal complaint on January 26, 2007. The Philadelphia
20 Industrial and Commercial Gas Users Group filed a formal
21 complaint on February 5, 2007.

22 The following filed petitions to intervene on the
23 following dates: PECO Energy Company on February 7th;
24 Interstate Gas Supply, Inc. on February 15th; the
25 Philadelphia Housing Authority and School District of

1 Philadelphia on February 16th; the Hess Corporation on
2 February 22nd; and the Archdiocese of Philadelphia on March
3 9th. No objections were received to the petitions to
4 intervene and all of the petitions were granted. All of the
5 parties mentioned above have been affirmed as active parties
6 to this proceeding and are working to develop testimony and
7 exhibits to be presented at the formal evidentiary hearings.

8 Two pre-hearing conferences were held. Public input
9 hearings were discussed at both of those conferences. At
10 the pre-hearing conference held on March 2nd, a schedule was
11 set for hearings and formal testimony by the parties. Two
12 of the public input hearings were held before their formal
13 testimony was due so that the public input testimony could
14 be considered before their testimony was submitted. The
15 testimony was submitted on Friday, April 6th.

16 This public input hearing is the third of four
17 sessions scheduled for this rate case. The first hearing
18 was held at the Dorothy Emanuel Recreation Center on March
19 26th. The second one was held at the George Washington High
20 School on March 28th. The last public input hearing will be
21 held in this same building, same room at 7:00 p.m. The
22 hearings to take technical evidence will be held from
23 Monday, May 21st through Thursday, May 24th in the
24 Philadelphia State Office Building.

25 Before these hearings, the parties will submit their

1 testimony in writing and at the hearings the witnesses who
2 submitted testimony will be cross-examined. The parties
3 will file main briefs on June 12th. Reply briefs are due on
4 June 21st. Our recommended decision is due by late July.
5 The parties will be able to file written exceptions if they
6 do not agree with the recommended decision. The Commission
7 will review the recommended decision, the evidence in the
8 record and any exceptions that are filed and enter a final
9 order.

10 JUDGE JONES: Good afternoon and thank you for
11 coming. The purpose of this public input hearing is to hear
12 from you regarding PGW's existing and proposed rates and
13 services.

14 The Commission's policy regarding public input
15 hearings gives you three options. You may testify formally
16 under oath or affirmation and be subject to cross-
17 examination. Swear or affirm that your testimony is the
18 truth. The testimony will be recorded by the court reporter
19 seated over here in front of you and will be reviewed by
20 both of us as presiding officers as well as all of the
21 active parties to this proceeding.

22 You may make an unsworn or unaffirmed statement. It
23 will be off the record and not subject to cross-examination.
24 The court reporter will not transcribe your statement and
25 the judges nor the parties will not consider your testimony.

1 You may provide information to attorney from the
2 Commission's Office of Trial Staff, Mr. Kanaskie, or
3 information to the attorney from the Office of Consumer
4 Advocate, Mr. Lawrence, for their possible use at the
5 hearings at their discretion.

6 The media has been alerted that they must request
7 permission to use comments here today in print, audio or
8 video use or any photography. You have the right to refuse
9 to give permission. Please alert us to your refusal before
10 you testify. Otherwise your comments may be used by the
11 media.

12 The court reporter is going to transcribe everything
13 that is said, so please remember that you cannot talk over
14 another person. Two people cannot talk at once. Also,
15 during this hearing, please turn off all cell phones or set
16 them on vibrate so as not to interrupt any witness or
17 counsel who is speaking.

18 To allow as many of you as possible to participate,
19 we may have to impose time limits. Please keep your remarks
20 concise and to the point. If someone before you has said
21 what you were going to say, you can simply say you agree
22 with what has been said.

23 Now the counsel for the parties, beginning with PGW,
24 will make brief remarks. Mr. Clearfield?

25 MR. CLEARFIELD: Thank you, Your Honor. .

1 Good afternoon, everyone. I'm Dan Clearfield. I'm
2 regulatory counsel for PGW. On behalf of PGW, thank you for
3 coming today and thank Community College for the use of this
4 beautiful space. It's certainly going to be a good focus
5 for this proceeding.

6 There are several officials from PGW and personnel
7 who are here today, and I'd like to turn the mic over to one
8 to make a few comments on behalf of PGW, Doug Oliver, who is
9 director of communications. Doug?

10 MR. OLIVER: Good afternoon. Can you hear me? Okay.
11 Just wanted to introduce myself this morning and first to
12 thank you all for coming out and being a part of this
13 important process.

14 Again, my name is Doug Oliver. I'm director for
15 communications at PGW. I had an opportunity to speak with
16 several of you as I have at the prior input hearings, and
17 we're hearing a consistent theme, that increases, regardless
18 of where they come from, are painful.

19 So we do understand, so I'm not here this afternoon
20 to try and convince you that the rate increase is going to
21 be comfortable, but I do want to say that while your bills
22 have been increasing because of the cost of natural gas,
23 this is the first time since 2002 that PGW has requested an
24 increase in its base rate. Again, we don't expect that to
25 make anybody happy, but it is important to know.

1 In the meantime, this is an important part of the
2 PUC's process in deliberating the request that PGW has
3 before them, so we urge everybody who has anything that they
4 want to say to get up there, say it, be on the record with
5 it because, again, it's very important to do so.

6 In the meantime, if you have individual concerns with
7 your bill, even if it's not related to the base rate
8 request, we do have several representatives that are here.
9 I'll be here for the duration, so if you want to pull me to
10 the side, I'll be here to the end as well. I just wanted to
11 introduce myself. Thank you for coming out.

12 MR. CLEARFIELD: Thank you, Your Honor.

13 JUDGE FORDHAM: Thank you. Ms. Tran?

14 MS. TRAN: Good afternoon. My name is Thu Tran. I'm
15 here with Phillip Bertocci. We're both lawyers at Community
16 Legal Services and we represent Action Alliance of Senior
17 Citizens and Tenant Union Representative Network.

18 We're opposing the rate increase, PGW's request for a
19 base rate increase because PGW needs to do a lot to improve
20 its quality of service to its customers.

21 We encourage all residential customers to come
22 forward today and testify about their experiences with PGW
23 and about how PGW can improve its services.

24 Please do not think that this is in any way a done
25 deal. The quality of PGW's customer service and its service

1 to its customers is an important factor in this case.

2 PGW has one-fifth of all the gas customers in the
3 state of Pennsylvania, but it shuts off over half of all gas
4 customer shutoffs in the state. A rate increase will cause
5 even more people to be shut off and go through the winter
6 without heat. PGW should take measures to make sure that
7 this shutoff trend doesn't continue or get worse.

8 It is an indication of poor service when PGW will not
9 work with its elderly customers or customers with sick
10 people or young children in their households to make
11 arrangements that are affordable and reasonable to make sure
12 that no one goes through the winter without heat.

13 The PUC has the power to authorize much less of an
14 increase or no increase at all or even lower rates based on
15 the evidence in this case, and your testimony today is part
16 of that evidence, so please come up and give your input.

17 Thank you.

18 JUDGE FORDHAM: Thank you. Ms. Webb?

19 MS. WEBB: Thank you, Your Honor.

20 Good afternoon. My name is Sharon Webb and I'm here
21 on behalf of the Office of Small Business Advocate. Our
22 office filed a complaint in this proceeding and is
23 investigating the proposed filing and increase that was made
24 by PGW, and our office's position is to make sure that
25 business customers don't pay more than their fair share, or

1 to evaluate how they would be affected by any rate increase.

2 Today, however, is your opportunity to testify on the
3 record and I would encourage you to testify on the record so
4 that we can use your testimony in assisting us in creating
5 our position.

6 I'm happy to stick around after the hearing. I have
7 business cards if there are any business customers here who
8 have any questions. But today is for you all to testify and
9 present information to us, and thank you for coming.

10 JUDGE FORDHAM: Thank you. Mr. Lawrence?

11 MR. LAWRENCE: Thank you, Your Honor.

12 Good afternoon, ladies and gentlemen. My name is
13 Darryl Lawrence. I'm here this afternoon with Christy
14 Appleby. Ms. Appleby and I are two of the attorneys
15 attached to this matter representing the Pennsylvania Office
16 of Consumer Advocate or the OCA as you'll see us referred to
17 and hear us called.

18 The OCA represents the interests of all of the
19 ratepayers of Pennsylvania in proceedings before the
20 Pennsylvania Public Utility Commission, state and federal
21 courts and also federal tribunals.

22 The OCA has filed a formal complaint in the present
23 matter before us. We have hired a team of external experts
24 to investigate PGW's filing. On Friday, April 6th, we have
25 filed our direct testimony in this matter, and we want you

1 to know that we are here today to hear your comments, your
2 issues and your concerns as to PGW's requested revenue
3 increase.

4 Stepping forward, standing up and testifying on the
5 record is extremely important, and any of your comments that
6 are made today are still available to our office or the
7 Office of Trial Staff to use in subsequent testimony that we
8 will submit to the Commission.

9 I want to thank you all for coming out this
10 afternoon. We look forward to hearing your comments. Ms.
11 Appleby and I will be here after this public input hearing
12 is over, if anyone would like to speak with us individually,
13 and again, thank you.

14 JUDGE FORDHAM: Thank you. Mr. Kanaskie?

15 MR. KANASKIE: Thank you, Your Honor.

16 Good afternoon. My name is Rick Kanaskie and I'm
17 with the Commission's Office of Trial Staff. With me this
18 afternoon is the Bureau Director and Chief Prosecutor for
19 the Commission, Mr. Johnnie Simms.

20 Just to briefly describe the Commission's Office of
21 Trial Staff's role in this proceeding, we're an independent
22 bureau. I'm not here on behalf of the Commission. I'm not
23 advocating the Commission's position. Like everyone else,
24 I'm here to get your input.

25 We too have engineers, we have financial analysts and

1 we have filed testimony on Friday opposing the company's
2 requested rate increase.

3 But as counsel has mentioned, this case is far from
4 over. Your input this afternoon is very, very important in
5 forming the actual and the final decision that will be
6 reckoned with.

7 There are a couple different ways to do it. You can
8 come up to us off the record and talk to us. If you want to
9 make an off the record statement, you can do that. But the
10 best way to get the information out is to come on the
11 record, make a sworn statement. It can be used by all the
12 parties to the proceeding.

13 When we get a filing, it comes in boxes. It's
14 literally data upon data. We ask for more. We get more.
15 But that's only part of the rate case. The important part
16 is the impact that it has on you and what you feel and what
17 you deal with every day.

18 This is your opportunity to let us know what that
19 impact is. Again, this case is far from over. I encourage
20 you to put your comments on the record, and thank you for
21 coming out.

22 JUDGE FORDHAM: Thank you.

23 In addition to the counsel that you've just heard
24 from, we do have the Chairman of the Commission here. At
25 this time, he will make remarks.

1 CHAIRMAN HOLLAND: Thank you, Judge, and good
2 afternoon, everyone. My name is Wendell Holland and I am
3 Chairman of the PUC, and I'd like to extend a special warm
4 welcome to everyone here, particularly the elected
5 officials. I see Representative Babette Josephs in the
6 audience. I see Representative Curtis Thomas has joined us.
7 I see Councilman Frank Rizzo has joined us. I see members
8 of the Mayor's Office are here as well. And thank you,
9 again, to the public advocates for coming to Philadelphia to
10 hear this public input.

11 I'll be very brief. PGW represents, in my opinion,
12 the city's number one energy issue. Let me repeat that
13 again. PGW represents the city's primary energy issue.
14 It's important that we hear what Philadelphians have to say
15 about this proposed increase, so I will encourage everyone
16 who speaks to be sworn so that we can consider your
17 testimony during our deliberations today in this hearing.
18 Thank you very much, Your Honor.

19 JUDGE FORDHAM: Thank you. At this time, we will
20 start with Councilman Frank Rizzo. We'd like to thank the
21 Councilman for coming to each one of the public input
22 hearings.

23 Would you like to give sworn testimony?

24 COUNCILMAN RIZZO: I would, Judge.

25 Whereupon,

1 FRANK RIZZO

2 having been duly sworn, testified as follows:

3 DIRECT TESTIMONY

4 JUDGE FORDHAM: You may state your name and address
5 for the record, please.

6 THE WITNESS: My name is Frank Rizzo. I'm a city
7 councilman-at-large and my business address is City Hall,
8 Philadelphia, Pennsylvania.

9 JUDGE FORDHAM: Thank you. You may proceed.

10 THE WITNESS: Thank you. Also, Judge Jones, thank
11 you for this opportunity. Can I just digress for a second
12 before I make my sworn testimony? As you know, I do
13 understand both sides of the issues, but I've experienced
14 something that I think the Public Utility Commission needs
15 to listen to very, very carefully.

16 I have a document in my hand, 90 year old senior
17 citizen, a customer of PGW, that has never missed a payment
18 in 40 years, and we're talking about efficiency of a
19 company. This particular senior citizen uses an online
20 banking, assuming that the transactions are sent to the
21 utility electronically.

22 But I learned that that bank, which is Wachovia, a
23 very big, online telephone banking company, does not have an
24 electronic relationship with PGW. Can you imagine? I asked
25 the question, I said, are there any other utilities that you

1 physically have to send a paper check to. They said they
2 can't think of too many.

3 I mean, I'm outraged, but I'm also outraged in the
4 lack of the sensitivity of PGW. The payment wasn't one day
5 late and the constituent got 10 day shutoff notice. What a
6 disgrace. Well, normally I don't get too concerned about
7 documents like this because I understand computers generate
8 them. But I don't want to hear from the utility company
9 that there's nothing that they can do about it.

10 To pull the trigger, to have a computer send a letter
11 after the payment is one day late? Give me a break. Wait a
12 couple days. My credit card company sends me a friendly
13 reminder saying, did you forget your payment? Well, no. It
14 got there, eventually. It caught up. You know how we do
15 that.

16 And all I can say is that this is what I hear about
17 constantly, the lack of sensitivity of this utility company,
18 and I'm going to do what I can do to get them to be
19 sensitive. Thank you for that opportunity to vent.

20 JUDGE FORDHAM: Councilman, have you given that
21 information to Mr. Oliver so --

22 THE WITNESS: I have. They're going to get back to
23 me. And like I said, over 40 years of perfect full-time
24 payment, to get a shutoff notice a day after the payment was
25 late? Give it two, three days, at least. I said to him, I

1 appreciate you being aggressive, but this is beyond
2 aggressive.

3 Good afternoon. I am Philadelphia City Councilman-
4 at-Large Frank Rizzo. Thank you for this opportunity to
5 testify on this very important issue, a proposed rate
6 increase of \$100 million.

7 I recognize the valiant efforts by the current PGW
8 management in dealing with PGW's financial crisis, the most
9 critical of which is their \$1 billion debt.

10 However, the dilemma is that PGW is a municipally-
11 owned in company in a city where 25 percent live in poverty.
12 It is simply not fair to place the burden of customers who
13 do not pay their bills on those who do.

14 In fact, just last week, I voted for a resolution to
15 put the issue on the ballot as a referendum to urge the PUC
16 not to increase rates. I propose two alternative plans:
17 first, spread the burden throughout the rest of the
18 Commonwealth; and second, increase state funding of LIHEAP,
19 the home energy assistance program.

20 Since I am a councilman-at-large and I represent all
21 the neighborhoods of the City of Philadelphia, I plan to be
22 here again this evening, to be present at all four of the
23 Commission hearings, and I thank Judge Fordham and Judge
24 Jones and the rest of the staff and all of you that have
25 come here today to involve yourself in this very, very

1 significant issue. Thank you very much.

2 JUDGE FORDHAM: Thank you very much.

3 CROSS-EXAMINATION

4 BY MR. CLEARFIELD:

5 Q. Councilman Rizzo, Dan Clearfield. I just wanted
6 to mention, on behalf of PGW, I think that PGW does have a
7 grace period before they send out the past due notice.

8 A. Try one day --

9 Q. I'm checking -- no, it's not one day, and that's
10 what I'm going to check. In that case, it may have been an
11 error that it may have gone out too soon, a computer error
12 or something --

13 A. Well, what would be the grace period before the
14 shutoff --

15 Q. Well, I'm checking --

16 A. What do you think --

17 Q. -- with our --

18 A. -- is reasonable?

19 Q. I think it's at least ten days, but --

20 A. You owe me -- I'll buy you lunch if that's the
21 case. That's not the case, all right?

22 Q. Okay, I'm going to check --

23 A. I've done my homework. Before I open my mouth,
24 I do my homework, and I was told that this generates a
25 notice if it's not there on the due date. No

1 disrespect. If I'm wrong, I'll publicly apologize to you at
2 the later hearing --

3 Q. Well, I'm just suggesting, I'm going to find out
4 from the vice president of customer affairs, and I'll get
5 that information to you. If we get it in the hearing,
6 we'll --

7 A. We want you to collect all your money, but don't
8 give our most valuable residents of this city, our senior
9 citizens -- you know what this does to a person that pays
10 their bill on time, when they -- this is the most
11 intimidating thing that a human being can get, that their
12 gas is going to be shut off --

13 Q. I agree with you --

14 A. -- where they can't cook and they can't heat
15 their home, especially during this period of time. This
16 individual called me three seconds after they got this in
17 the mail. I know it's meant to get people's attention, but
18 it also can be very hurtful to people.

19 Q. We try to balance those interests in trying to
20 collect and also being sensitive and --

21 A. But I don't want to hear it's too expensive to
22 be sensitive. Get efficient in other areas and I'll say
23 it's too expensive to get sensitive.

24 Q. We'll be back to you.

25 JUDGE FORDHAM: Anyone else?

1 (No response.)

2 JUDGE FORDHAM: Thank you very much, councilman.

3 (Whereupon, the document was marked
4 as Rizzo Exhibit No. 1 for
5 identification and received in
6 evidence.)

7 (Witness excused.)

8 JUDGE FORDHAM: The next speaker will be
9 Representative Babette Josephs. Representative, would you
10 like to give sworn testimony?

11 REPRESENTATIVE JOSEPHS: Yes, I would.

12 JUDGE FORDHAM: Please raise your right hand.

13 Whereupon,

14 BABETTE JOSEPHS

15 having been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 JUDGE FORDHAM: Would you state your name and
18 business address for the record, please?

19 THE WITNESS: My name is Babette, B-A-B-E-T-T-E,
20 Josephs, J-O-S-E-P-H-S. I am a state representative from
21 the 182nd district, 1528 Walnut Street, Philadelphia, 19102.

22 Thank you, Your Honors, for holding this, for having
23 this in my district. I appreciate it. Thank you, everybody
24 else, for being here. Glad to see an audience, shows you
25 that people are interested, as am I.

1 I am of course also a residential customer of PGW and
2 I have to tell you, I am never in my house, which is very
3 small, very well insulated, basically because I'm in a row
4 house and I've got two houses heating my house on either
5 side.

6 When I see my gas bills, I just thank everyone, I am
7 so thankful that I am still working, because I cannot
8 believe how high they are.

9 Now, I know that we're faced with a series of fixed
10 costs and overhead that we just can't, the company can't
11 deal with. I understand that. I see that from both sides.
12 I know that the price of natural gas has gone up. I know
13 that these storms and other supply disruptions have
14 exasperated that trend.

15 I know of the approximately 500,000 customers that
16 PGW has in Philadelphia, about half really, genuinely cannot
17 pay their bills on time. They are not deadbeats. They are
18 simply people on fixed incomes and they can't make these
19 bills.

20 I understand that the company is suffering from past
21 mismanagement. I understand that that has been taken care
22 of for the most part.

23 But I am here to just ask PGW to have a more
24 holistic, citywide, global view of this entire situation.
25 Raising the prices of gas for people who can pay but just

1 barely is not going to, in the long run, help this company.

2 It's going to resolve itself into more people who
3 can't pay, more people who are driven out of their homes,
4 who are on the street and, in the long run, really, much
5 more money, much more loss of all kinds of resources, human
6 and others, for the City of Philadelphia.

7 And that's why I think it's important for PGW to
8 think of this in a holistic view. You are, as the Chairman
9 of the PUC has said, our main energy source. We cannot be
10 healthy as a city if our main energy source is not healthy,
11 but we cannot be healthy as a city, either, if we have
12 people freezing to death next winter, more people on the
13 streets, more kids who have no home. And we just cannot put
14 this burden on the ratepayer.

15 Now, what is my answer? I don't know. I can't give
16 you an answer. If I could, I would be here in another
17 capacity, like the Messiah or something.

18 But I am here to pledge my cooperation on a whole
19 range of things. I would like to be playing a part and I'm
20 sure every other public official would like to be playing a
21 part in guiding people to the programs that you do have
22 which I am sure are not meeting the need nor fully
23 subscribed, and I would make a major commitment to do that.

24 I would like to see the company have a better system,
25 and I am on a bill in the state Legislature which will

1 accomplish this, a better system, helping people once they
2 have been disconnected to get back on, to pay their
3 reconnection fees over time, to pay their first bills over
4 time.

5 I think the company has done an excellent job getting
6 rid of the deadbeats. But those people who do not pay are
7 not all deadbeats. Most of them are people who would like
8 to pay but just cannot.

9 I will be very happy to cooperate, and I speak
10 without even asking my fellow colleague, State
11 Representative Thomas, in any way possible that you think we
12 can help you in the Legislature.

13 I have voted for extended low-income energy program
14 monies and I will continue to do that. I know that's not
15 the whole answer, but it certainly is part of the answer.

16 I am very interested in working on a massive
17 rebuilding, restoring and retrofitting we need to do in the
18 residential housing stock here, because we know that many
19 people's bills, heating bills are going right through their
20 faulty ceilings and their loose windows.

21 I'm here without any real answers, but I know that
22 one thing must not be done, and the debt of PGW must not be
23 put on the shoulders of ratepayers who cannot pay it. Thank
24 you. I appreciate your listening to me.

25 JUDGE FORDHAM: Thank you, Representative.

1 Are there any questions or comments for the
2 Representative?

3 (No response.)

4 JUDGE FORDHAM: Thank you very much.

5 (Witness excused.)

6 JUDGE FORDHAM: The next speaker is Representative
7 Curtis Thomas. Thank you, Representative, for coming.
8 Would you like to give sworn testimony?

9 REPRESENTATIVE THOMAS: Yes.

10 JUDGE FORDHAM: Would you please raise your right
11 hand.

12 Whereupon,

13 W. CURTIS THOMAS

14 having been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 JUDGE FORDHAM: Would you state your name and address
17 for the record, please?

18 THE WITNESS: Yes, W. Curtis Thomas, State
19 Representative, 1348 West Girard Avenue here in Philadelphia
20 County.

21 JUDGE FORDHAM: Thank you very much. You may
22 proceed, Representative Thomas.

23 THE WITNESS: Thank you. First, let me extend my
24 sincere thanks and appreciation to you, to the other members
25 here, to the Chairman of PUC and to all of the people who

1 thought it was not robbery to come here this afternoon on
2 this very important issue.

3 And I would like to say that last week, I received a
4 notice at my house from PGW which appeared to be an
5 acknowledgement that rates would be decreased this fall,
6 September of this year.

7 And I think it's just a marketing ploy. I mean, I
8 think it was sent out to minimize if not discourage the need
9 for people to turn out at these hearings, because many
10 people see this notice of a decrease and that takes their
11 mind off of the proposed increase.

12 And I have on several occasions spoken to PGW about
13 these, I don't want to call them scurrilous, but these bad
14 marketing tools that they're using to educate the public
15 about either a decrease or an increase. And again, I would
16 caution them on using these tools.

17 I represent the 181st Legislative District in
18 Philadelphia, best legislative district in the Commonwealth
19 of Pennsylvania, second only to the 182nd.

20 (Laughter.)

21 THE WITNESS: I am here this afternoon to speak not
22 only as a legislator but as a resident of the 181st
23 district, most of whom are, people in my district are
24 Philadelphia Gas customer.

25 496,000 residential customers in Philadelphia rely on

1 the services of PGW. PGW is the largest municipally owned
2 gas utility in the country. The utility also serves 19,000
3 industrial and commercial users.

4 The reason we are here this afternoon is that PGW has
5 proposed an increase in rates that will affect its
6 residential, commercial and industrial gas customers. I
7 strongly oppose this increase.

8 PGW has the highest gas rates in the state of
9 Pennsylvania. It has proposed to raise rates in all
10 categories of service -- residential, commercial and
11 industrial -- by an average of 11 percent to generate an
12 additional \$100 million in revenue.

13 If the rate increase were to pass, residential
14 customers would have to pay an additional \$160 every year,
15 as I understand the proposal. As you know, Philadelphians
16 have no choice when picking a gas company. All of us who
17 live and have businesses in Philadelphia rely on PGW for
18 natural gas service. The PGW increase will be detrimental
19 to residents and businesses, especially low-income families,
20 seniors and many others in the city who are struggling to
21 make ends meet, by placing an additional financial burden on
22 them.

23 The increase in rates will financial cripple
24 Philadelphia residents who are suffering now from high gas
25 bills. The median household income in Philadelphia is about

1 \$32,500 and nearly 25 percent of our residents live below
2 the poverty line.

3 PGW stated in a December, 2006 press release about
4 the rate hikes, that the increase is necessary to cover
5 certain operative expenses and to assure that the city's
6 natural gas system continues to remain safe, reliable and
7 financially viable."

8 While raising the gas rates might help PGW to remain
9 financially viable, the consumers who need gas to live will
10 be moving towards financial destruction. At the end of '06,
11 PGW reported that over 9,000 premises had gas shut off
12 without service restored to these properties.

13 As evidenced by these thousands of families without
14 gas, many families in Philadelphia cannot pay or struggle to
15 pay gas bills at the current level. Any additional increase
16 will bring families to the tipping point and into financial
17 and personal despair.

18 In my office, I have received countless constituent
19 complaints from homeowners who have a gas bill larger than
20 their mortgage note and often make the choice to pay gas or
21 face mortgage foreclosure. Many residents choose to pay the
22 gas bill at the risk of losing their homes because without
23 the gas, they cannot survive. I also receive calls from
24 seniors who are in the same dilemma. Senior citizens are on
25 a fixed income and cannot afford to pay one more cent on

1 their gas bill because they just do not have the money.

2 I understand that gas prices continue to rise and
3 companies must account for these costs and PGW is charged
4 with providing gas to a municipality that has numerous low-
5 income families. The utility must, however, examine other
6 methods to address the costs instead of making customers pay
7 more. PGW needs to consider long-term measures to ensure
8 financial viability and sustainability rather than
9 consistently turning to its consumers, who pay the highest
10 rates in the state, to cover revenue shortfalls.

11 First, PGW has to restore its level of customer
12 service. My staff and I have received a multitude of calls
13 about poor customer service at PGW. We have heard of PGW
14 representatives hanging up on customers, failing to answer
15 questions, giving conflicting answers to customers concerns
16 and just being rude. If PGW delivered quality customer
17 service, customers would be more willing in some cases to
18 accept a rate increase because they would feel that some of
19 the money they pay on their gas bill will give them top-
20 notch customer service. PGW must make customer service a
21 top priority now.

22 Second, I pledge to work with PGW to address state
23 funding for LIHEAP and other utility supports for low-income
24 and working families.

25 Third, officials from the City of Philadelphia, the

1 state and PGW must work together to try to develop means to
2 keep the utility financially viable in the long term. PGW
3 has over \$1 billion in debt. Policymakers need to address
4 this debt problem now. Whether it is to craft a sale or
5 merger of PGW or develop a solid financial plan, we all have
6 the responsibility of maintaining quality utility services
7 from a solvent company while reducing the financial burden
8 on Philadelphia residents.

9 The following are my specific recommendations. I
10 strongly urge the PUC to reject in total PGW's request for
11 an increase. I also recommend that PGW take the following
12 steps to address its revenue shortage.

13 Number one, return the excessive bonuses awarded to
14 top executives during the '05-'06 fiscal year.

15 (Applause.)

16 THE WITNESS: Two, withhold recommended bonuses to
17 top executives for the '06-'07 fiscal year.

18 (Applause.)

19 THE WITNESS: Three, utilize the savings from
20 elimination of the Philadelphia Gas Commission.

21 I further recommend that the PUC undertake a study of
22 possible options for the sale and/or merger of PGW to a more
23 proficient provider of gas.

24 (Applause.)

25 THE WITNESS: I am confident that the above savings

1 represent more than enough revenues for PGW to deal with its
2 expected operating loss. Thank you.

3 JUDGE FORDHAM: Thank you.

4 (Applause.)

5 JUDGE FORDHAM: Representative Thomas, would you like
6 to have that written statement in the record?

7 THE WITNESS: Yes.

8 JUDGE FORDHAM: We can mark it Representative Thomas
9 Exhibit 1.

10 (Whereupon, the document was marked
11 as Rep. Thomas Exhibit No. 1 for
12 identification and received in
13 evidence.)

14 JUDGE FORDHAM: Are there any questions or comments
15 for the representative?

16 (No response.)

17 JUDGE FORDHAM: Thank you very much.

18 THE WITNESS: Thank you.

19 JUDGE FORDHAM: The next witness is Barbara Carey.

20 (Pause.)

21 THE WITNESS: If I can, Judge Fordham --

22 JUDGE FORDHAM: Yes.

23 THE WITNESS: I'm sorry, but I just want to make sure
24 that people are clear that there's too many bureaucracies
25 that exist right now that contribute to these excessive

1 rates. And so one of the things that I think that we can
2 take a look at is eliminating some of these unnecessary
3 bureaucracies.

4 The PUC has jurisdiction, and we don't need a gas
5 commission, Office of Consumer Advocate or any of these
6 other things as it relates to gas utilization in
7 Philadelphia County. I just wanted to make that clear.

8 JUDGE FORDHAM: Thank you.

9 (Witness excused.)

10 JUDGE FORDHAM: Ms. Carey, would you like to give
11 sworn testimony?

12 MS. CAREY: Yes.

13 JUDGE FORDHAM: Please raise your right hand.

14 Whereupon,

15 BARBARA CAREY

16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 JUDGE FORDHAM: Would you state your name and address
19 for the record, please, and please spell your last name?

20 THE WITNESS: My name is Barbara Carey, last name
21 spelled C-A-R-E-Y.

22 JUDGE FORDHAM: Your address?

23 THE WITNESS: 2053 North 63rd Street.

24 JUDGE FORDHAM: And are you employed at this time?

25 THE WITNESS: No. I'm retired.

1 JUDGE FORDHAM: Thank you. You may proceed.

2 THE WITNESS: Councilman Rizzo is correct regarding
3 the gas company sending out shutoff notices. Now, I pay my
4 gas bill on time, and I received a shutoff notice after I
5 think it was two days. It was once, and I was really
6 insulted about it because I said, I struggle to pay my gas
7 bill and here we go, I get a notice that they're going to
8 shut off, not give me a reminder, but shut it off.

9 Judge Fordham and Judge Jones, ladies and gentlemen,
10 good afternoon. I am a retired citizen and I'm on a fixed
11 income, and I cannot pay PGW's gas bills and PGW's rate
12 increase.

13 Now, I get one check a month, and some of my expenses
14 are PGW, PECO, water revenue. And these rates seem like
15 they go up every year, it seems like it.

16 Then it's mortgage, the phone bill. That increases,
17 seem like every year. Food prices are up. SEPTA, I was
18 just reading when I was on my way here, SEPTA is having a
19 public hearing in Philadelphia on Thursday, the Convention
20 Center, and they want a fare increase. I mean, seem like
21 everybody wants to go up at the same time. Where are we
22 getting all this money? And I'm on a fixed income.

23 Now, a couple of more things I need to bring to your
24 attention. Now, Medicare Premium Part B, that goes up every
25 year. It's up to \$95 per month. And Medicare Prescription

1 Drug Program, Part D, that's increased each year. And don't
2 fall into the doughnut hole. You never get out. I mean,
3 trying to climb out is just unbelievable.

4 And seem like all the businesses pass their rate
5 increases onto the customer. Now, my question is, are the
6 paying customers still paying for the people that won't or
7 don't or the gas company don't force them to pay their gas
8 bill? Because I can't afford my own gas bill and I struggle
9 to pay that, and then you tack on somebody else's bill to my
10 bill, and that makes it more difficult.

11 And like I said before, that fixed income monthly,
12 I'm not working. I worked in the system for a long time but
13 I'm retired. So I wanted to know, are we still paying for
14 the people that don't pay or won't pay.

15 Lots of times, I need help paying my gas bill. Now,
16 if you hook on these people that don't pay to my gas bill
17 and I'm unable to pay, that comes to mind quite often. What
18 do I do when I can't pay? Is there anybody there to help
19 me? I have tried to get on the programs but they told me,
20 the gas company told me I was ineligible. Seem like if you
21 make a few dollars over, you're ineligible for the program.

22 And one more thing. I tried to get on the -- before
23 the senior citizen discount was discontinued, I tried my
24 best to get on, get the senior citizen discount, and I got
25 the run-around from the gas company, and they pushed me to

1 the Public Utility Commission, and they kept telling me they
2 was going to investigate and check and so forth.

3 And I called them back like week or two weeks or
4 whatever, I was calling them back and forth. And in the
5 end, what they end up telling me, that I would not be able
6 to get the senior citizen discount.

7 So I felt like, you know, if they had told me that up
8 front, that would have helped, but they kept giving me the
9 run-around. I'm calling back and forth, checking to see
10 after investigating was it possible for me to get the senior
11 citizen discount.

12 And another thing is, on the gas bill, please explain
13 the three distribution charges on the bill. Seem like those
14 are the highest prices, my God. I think it's three
15 distribution charges.

16 And PGW is asking for a rate increase. If the gas
17 rate is approved, I will not be able to pay future gas
18 bills. The senior citizen discount would help. Some
19 seniors need this discount. PGW stopped the discount, so
20 they separated and divided PGW customers.

21 More people will be using space heaters and kerosene
22 heaters during the winter months. This is very dangerous
23 and people will die trying to stay warm during the winter
24 months to pay their gas bills. Thank you.

25 JUDGE FORDHAM: Does anyone have anything for this

1 witness?

2 MR. CLEARFIELD: Mrs. Carey, Doug Oliver is here from
3 PGW and I believe that if you want to sit down with him, he
4 can go through each of those questions and give you some
5 information that might be helpful in understanding your
6 bill. So if you want, after your testimony, if you want to
7 sit down with Mr. Oliver, I'm sure he can help you.

8 THE WITNESS: Yeah. There are some other incidents,
9 but I'll just stop here and let somebody else have the
10 microphone, because there are problems with PGW and most of
11 the people that testify, most of what they said is true, I
12 mean, from my experience of calling the gas company and
13 trying to get things resolved because I just called the gas
14 company regarding my last bill because I thought my gas bill
15 had gone up. I didn't know that, you know, you were having
16 the hearings and it was going to go up later.

17 And the gentleman told me it had gone down. I said,
18 maybe I missed something on my gas bill. I told him, I
19 didn't see it. But anyway, he said the gas bill had gone
20 down and then I found out that, you know, you're having the
21 hearings regarding the gas bills going up. Thank you.

22 MR. CLEARFIELD: Thank you for coming.

23 JUDGE FORDHAM: Thank you very much.

24 (Witness excused.)

25 JUDGE FORDHAM: The next witness is Mohamed A.

1 Mohamed.

2 MR. MOHAMED: Yes. My name is Mohamed Mohamed, spell
3 M-O-H-A-M-E-D.

4 JUDGE FORDHAM: Would you like to give sworn
5 testimony?

6 MR. MOHAMED: Yeah, sworn, yes.

7 JUDGE FORDHAM: Please raise your right hand.
8 Whereupon,

9 MOHAMED A. MOHAMED
10 having been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 JUDGE FORDHAM: Would you state your address for the
13 record, please?

14 THE WITNESS: My office address is 1844 South 16th
15 Street, Philadelphia, Pennsylvania 19050.

16 JUDGE FORDHAM: And are you a residential customer or
17 are you speaking on behalf --

18 THE WITNESS: I am a landlord.

19 JUDGE FORDHAM: You are a landlord?

20 THE WITNESS: Yes.

21 JUDGE FORDHAM: Okay. And what is your occupation?

22 THE WITNESS: I am a landlord.

23 JUDGE FORDHAM: Just landlord?

24 THE WITNESS: Yes.

25 JUDGE FORDHAM: Okay.

1 THE WITNESS: Investment. Okay. I got a speech here
2 I will provide, but I will agree with Mr. Thomas, first of
3 all, I will agree with him, and I would agree and disagree
4 with the councilman, Councilman Rizzo.

5 You said the gas company is aggressive on collecting.
6 I see it the other way. I see it not aggressive enough. I
7 have a tenant with gas bill of three or four thousand dollar
8 and the gas there is not shut off. I don't know what I am
9 hearing is right thing or not.

10 The other thing is, for the last speaker, welcome to
11 the capital society. The price have to go up, and that is
12 the way the capitalism is working.

13 I am here because I have -- I will read my thing and
14 after that -- my name is Mohamed and I have been landlord
15 and a customer of PGW since 1985.

16 My contribution today will not solve all of the gas
17 works problems but maybe help to smooth the relationship
18 between the customer and the company with service as the
19 keyword. Since you already have a monopoly on the product,
20 service is more important than the product is. Therefore, I
21 would like to address the quality of your service and your
22 request for an increase and offer some ways I believe PGW
23 can utilize the money to better serve the citizens of
24 Philadelphia.

25 My first concern is the customer service department

1 of PGW. The customer will be 25, 30 customers sitting,
2 waiting to be serviced, and this is waste of time.

3 If 25 waiting for one hour, that is 25 hour waste,
4 and the representative sitting on the computer play
5 solitaire or poker, you know. I saw that myself.

6 JUDGE FORDHAM: Could you say that again? The
7 customers are waiting and what is the representative --

8 THE WITNESS: The representatives sitting at the
9 computer playing poker or solitaire on his computer.

10 JUDGE FORDHAM: Playing poker or solitaire?

11 THE WITNESS: Yes. And when I told him, he said,
12 "I'm in break. I am on break." This is the inefficiency
13 here. If the PGW become efficient as employer, it will
14 solve a lot of money issue.

15 The waste of money, we waste for this -- I have
16 respect for union, very great, because I used to be union
17 man. But if the union become injurious on the customer, the
18 one paying my bill, it is not right. It is not right at
19 all. It is not right at all.

20 The customer representative takes the lunch hour in
21 the most -- in the highest time. The people come to the
22 Philadelphia Gas Work at twelve o'clock, one o'clock, the
23 lunch hour to do thing. The representative decide he takes
24 a lunch hour, you know.

25 We have two people sitting on the -- let me read

1 here. My first concern is the customer service department
2 of PGW that is open from eight to five p.m.

3 Customers are directed to stand in line at the intake
4 counter where two representatives are on hand to take your
5 name and the reason for your concern. Afterward, you sit
6 down and wait for an hour or longer before your name is
7 called. While waiting, if you walk around, you will see
8 representatives sitting at their computer playing chess or
9 solitaire as the customers wait for them to decide to do
10 some work. With this kind of service, asking the taxpayers
11 of Philadelphia to pay more money is an insult.

12 My question is, where does the customer fit into this
13 scenario? Who has the customer's interest at heart? Would
14 it be more cost efficient to have the customer take a number
15 and it would be monitored by a cue board and fill out a form
16 stating the reason for their visit while they wait to be
17 called? In this way, the representative's time could be
18 used more efficiently instead of watching them wasting it,
19 being idle, since the customer's information is only
20 accessed after the representative has called the customer's
21 number and is face to face with them.

22 This will save at least five to ten minutes to every
23 customer, and if you add it with the customer -- especially
24 paying \$65,000 to \$70,000 for a customer service
25 representative.

1 Additionally, since most people have a cell phone --
2 this is a concerning with the service, when you call the
3 customer to come turn the service on or turn the service on
4 or do some kind of repair -- they ask you to wait for nine
5 o'clock to four o'clock, and this is your day, is Friday
6 from nine to five.

7 Here, my tenant have to lose day worth of work
8 waiting for the gas company to come. I said, if we all have
9 cell phone, we all have phone, why is the customer not take
10 a day and tell them, we will call you two hour or three
11 before coming and save this people their time by, this way
12 they can make some money.

13 Another concern is one of, who pays the bill. When
14 tenant requests that their service is discontinued on a
15 specific date and the company doesn't turn it off until five
16 or ten day later or maybe never -- sometime the tenant will
17 move and I move another tenant on 15 or 20 day later, and
18 the gas is still on -- ten day later, maybe never, who pays
19 the bill? Who pay for this gas?

20 The shutoff date for the tenant indicated on their
21 bill is the date they requested, but during the interim
22 period when the gas remain on, who pays the bill? It is
23 these inefficiencies that I find rob me of my rights as a
24 customer and as a landlord.

25 I would also -- also, they ask for money for capital

1 improvement. They put all these curb valve on the thing,
2 and it doesn't use it. It doesn't shut the gas off. What
3 does a customer have -- but you have for the shutoff, they
4 have the customer to be home. Why they doesn't use the curb
5 valve? The curb valve cost million of dollar and is not
6 used.

7 JUDGE FORDHAM: Are you saying "curb valve"?

8 THE WITNESS: Yeah, you know, they put new curb
9 valve. The old curb valve was made from copper and used to
10 break. It wasn't shutting it off. But now they have the
11 new plastic one. And even with this plastic one, I told
12 them about, it was a device would cost the company 15 to 20
13 cents to prevent people from stealing their gas. They
14 doesn't do. They doesn't do, you know. Any customer can
15 get the wrench and open it. But that is another matter, you
16 know. They're not using their capital reward.

17 As a result of this inefficiency, I suggest hiring an
18 independent quality control and efficiency expert to monitor
19 the performance of PGW service employees and service
20 representatives. This would give PGW the control that it
21 need to provide quality service to the people of
22 Philadelphia who are continually asked to pick up the bigger
23 tab.

24 The other issue is the Landlord Cooperation Program.
25 I tried for the landlord, after three months, try on the

1 computer to get through, and it still not working.

2 JUDGE FORDHAM: You said that you tried to sign up
3 for this program --

4 THE WITNESS: Yeah, then I let my daughter do.

5 JUDGE FORDHAM: Okay.

6 THE WITNESS: Okay, because I am sorry, that probably
7 my fault, because I am computer illiterate, okay. Also, if
8 the gas company extend the credit to the delinquent customer
9 from one property to another, why is the landlord
10 responsible for the tenant's delinquent bill from the other
11 property, as well as the delinquent bill at the property the
12 tenant is now renting, if the bill is not paid? Where is
13 the tenant's responsibility in this?

14 You know, I take the customer to the gas because I
15 usually take my tenant with myself to the gas company to
16 make sure the gas bill is turned on.

17 Sometimes the representative look at the computer and
18 find the tenant is owe money from previous property. One
19 time, the customer ask the tenant, "Do you want him to be
20 sitting here while we're discussing your bill?" At this
21 time, I said, "No, I'm leaving," because it's embarrassing.

22 Now, this tenant coming from other property, he owe
23 \$4,000. He asking for \$200 deposit. When this come to my
24 house, and even if he pays the gas bill on my house, I feel,
25 according to the new law, I would be responsible for this.

1 Why I have to be responsible? Why extend the credit
2 to customer, he owes this company all this money? You know,
3 this is money -- who pay this?

4 Okay. Also, the Landlord Cooperation Program is
5 wonderful opportunity for the gas company to partner with
6 the landlord and the tenant. They should make sure that the
7 line of communication remain open and that the landlord is
8 properly advised of any delinquencies.

9 As it stand today, because of the Privacy Act, the
10 landlord cannot inquire into the statue (sic) of the tenant
11 account. As a result, the landlord is left at the mercy of
12 the tenant and the gas company.

13 I would suggest, a copy of delinquency note should be
14 sent to the landlord who should have the right to pursue the
15 tenant to pay the bill or proceed with the eviction process.
16 Presently, the gas company does a poor job monitoring its
17 delinquency account and it seem to pass these losses onto
18 the landlord.

19 I have a copy here, I show it to one of the
20 representatives, I have a tenant who owe in September \$1,495
21 for apartment, and the gas was still on. In January, he owe
22 the gas company \$2,590, and is still the gas on.

23 I have to put the tenant out, and when I ask the
24 company, the gas company to turn the gas off, they give me a
25 form to sign it and to go to notary public and make sure the

1 tenant come and sign this form in front of notary public to
2 turn his gas off. I don't know why, you know. Give me the
3 logic of that. And I have the form and I have the bill
4 here.

5 Okay. To establish responsibility, the landlord
6 should be allowed to request a hearing with the PGW before a
7 lien is placed on the property and an appeal process should
8 be in place to insure that all party are treated fairly.

9 Finally, because of the greenhouse effect, we will
10 have to work together to reduce the emissions problem. An
11 example would be that, the Philadelphia Gas Works take the
12 opportunity to promote energy efficiency appliance, as a way
13 to increase the -- not as a way to increase the profit
14 margin, but to use the purchase power of the company to pass
15 the savings on to the customer at lower cost.

16 Another example would be to utilize the service
17 department, when it is idle, to install these products at
18 the minimum labor cost that the company could afford.

19 While I support the union, it must act responsibly
20 and understand that PGW is a public utility owned by the
21 citizens of Philadelphia and that the citizens are its
22 customers, and they should respect the customer.

23 I conclude my testimony now. I got the proof to say,
24 you know, there is very lack of accountability with the gas
25 company. There's a million of dollar over there that the

1 gas company is not collecting, not because the customer is
2 not willing to pay it, because the gas company -- I see here
3 they said they will see it very aggressively, but from my
4 experience, the gas company doesn't proceed collection
5 aggressive with my tenants.

6 They send you note, but they never cut the gas off.
7 What the note will do? I request, when the customer come,
8 he will sign consent, if your bill is late 90 day, your gas
9 will be shut off even without a notice.

10 JUDGE FORDHAM: They can't shut it off without a
11 notice --

12 THE WITNESS: I understand that.

13 JUDGE FORDHAM: But --

14 THE WITNESS: But if the customer consent to it when
15 he turn the gas on, it will be understand, it shouldn't have
16 to -- because people have all kind of excuse. People should
17 be responsible.

18 JUDGE FORDHAM: Do you have written copies that you
19 would like to have --

20 THE WITNESS: Yes, yes.

21 JUDGE FORDHAM: Okay. We will mark them Mohamed
22 Exhibit 1.

23 (Whereupon, the document was marked
24 as Mohamed Exhibit No. 1 for
25 identification and received in

1 evidence.)

2 MR. CLEARFIELD: And Your Honor, we will review Mr.
3 Mohamed's testimony and will prepare a response. There's
4 obviously a number of different issues there, and I don't
5 want to try to tackle them at this point, but we'll get
6 back, we'll prepare something and respond to those issues.

7 Thank you for your testimony. I did want to ask Mr.
8 Mohamed just a couple questions, if I could.

9 CROSS-EXAMINATION

10 BY MR. CLEARFIELD:

11 Q. With respect -- you were mentioning the, you
12 were going in to make an inquiry with PGW. Was that a
13 customer service center?

14 A. Yes.

15 Q. A place where you walked in?

16 A. In South Philadelphia, every representative in
17 South Philadelphia --

18 Q. South Philadelphia customer service center?

19 A. Yes, every representative know me because I have
20 been there since 1985.

21 Q. So when did these incidents occur? Were they in
22 the last few months --

23 A. Oh, yeah --

24 Q. -- or a couple years ago?

25 A. I have representative told me I been there more

1 than he's there.

2 Q. Did you say in the last few years?

3 A. Yeah, the last -- no, the last -- I have been
4 with going over there at least four time a year every year.

5 Q. When was the last time you were there?

6 A. I was there day before yesterday. I was there
7 on Thursday -- no, no, it was Wednesday because --

8 Q. On Thursday? That was the fifth, I think.

9 A. Yeah.

10 Q. Okay.

11 A. Because I have a problem with the -- slap lien
12 on property, on one of my property for account, is closed in
13 July, and I don't know why. I don't, when I go to sell
14 property, the settlement agent withhold the money from me
15 because of gas bill for somebody else.

16 Q. Mr. Mohamed, we're going to go through those
17 issues for you and we'll get a response, but if you have
18 specific billing --

19 A. Yes, I have them --

20 Q. -- issues, there's several people --

21 A. -- I already have --

22 Q. -- here. Have you already spoken to them?

23 A. Yeah.

24 Q. Because they'll go through those billing issues
25 and give you an answer --

1 A. Yeah, I already spoke to --

2 Q. -- and try to work those out. Thank you again
3 for coming.

4 A. Thank you very much for hearing me. Thank
5 everybody.

6 JUDGE FORDHAM: Does anybody else have anything?

7 (No response.)

8 JUDGE FORDHAM: Thank you very much.

9 (Witness excused.)

10 JUDGE FORDHAM: The next witness will be Marie Woly,
11 W-O-L-Y.

12 MS. WALZ: W-A-L-Z.

13 JUDGE FORDHAM: Excuse me, W-A --

14 MS. WALZ: L-Z.

15 JUDGE FORDHAM: Okay, I'm sorry. Would you like to
16 give sworn testimony?

17 MS. WALZ: Yes, I would.

18 JUDGE FORDHAM: And you also have copies --

19 MS. WALZ: Yes.

20 JUDGE FORDHAM: -- of your testimony. Okay, we will
21 mark those Walz -- is that how you --

22 MS. WALZ: W-A-L-Z.

23 JUDGE FORDHAM: How do you pronounce it?

24 MS. WALZ: Walz.

25 JUDGE FORDHAM: Walz -- Walz Exhibit 1.

1 (Whereupon, the document was marked
2 as Walz Exhibit No. 1 for
3 identification and received in
4 evidence.)

5 Whereupon,

6 MARIE WALZ

7 having been duly sworn, testified as follows:

8 DIRECT TESTIMONY

9 JUDGE FORDHAM: Would you state your name and address
10 for the record, please?

11 THE WITNESS: Marie Walz, 6452 Germantown Avenue,
12 Philadelphia, 19119.

13 JUDGE FORDHAM: Ms. Walz, are you employed at this
14 time?

15 THE WITNESS: No. I am retired.

16 JUDGE FORDHAM: Thank you.

17 THE WITNESS: I'm a 66 year old retired technical
18 writer and PGW customer who lives in Mount Airy. I am here
19 today to talk about my experiences with PGW, which are
20 similar to those of my fellow Action Alliance members.

21 Like most Philadelphia seniors, I live on a fixed
22 income and cannot afford a PGW rate increase. In fact, the
23 current rates already severely strain my budget because my
24 income disqualifies me from LIHEAP and because PGW
25 discontinued its senior citizen discount in 2003.

1 Reinstating this discount would be a big help to seniors.

2 Philadelphiaans pay higher gas rates than do people in
3 most American cities. Before I moved here in 2002, I lived
4 in Columbus, Ohio, where my highest gas bill was about \$180
5 in a very cold month. Last week, I mailed PGW a check for
6 \$418. For the last month, which was last colder, I paid
7 more than \$600.

8 My house here is about the same size as my house in
9 Columbus. Only the gas rates are different, and the fact
10 that I now keep my thermostat just above 60 degrees
11 Fahrenheit. And by the way, after my first winter here, I
12 replaced the older windows.

13 PGW does not communicate effectively with its
14 customers, provides poor customer service and is burdened
15 with a high level of debt due to past mismanagement. If PGW
16 is not doing a good job, why should it get a rate increase?

17 PGW bills are confusing. My last bill starts with
18 supply charges with two commodity charge lines at slightly
19 different rates, prorated, and then goes on to delivery
20 charges, a partial customer charge, \$3.86 of the \$12, two
21 distribution charge lines, one for each of the commodity
22 charge lines above, and then three cost adjustment lines.

23 The bill continues with a second supply charge with
24 one commodity charge line and a second delivery charge with
25 the remainder of the \$12 customer charge, one distribution

1 charge line and the same three cost adjustment lines.

2 Now, I understand about prorating, and if they're
3 charging me one rate for these days and another rate for the
4 following days, why is it broken into two, and why is the
5 service charge split? Why not just one supply charge and
6 one delivery charge?

7 Second, today I'm testifying against a possible
8 increase in certain PGW rates, but last month's bill
9 contained a notice about a rate decrease for certain other
10 rates, with no reference to the increases we're talking
11 about today. Why?

12 PGW provides poor customer service. Philadelphia
13 seniors often can't get their questions answered or request
14 the help they need. PGW customer service phone lines have
15 long waiting times and the lines at customer service centers
16 are also lengthy. Not everybody has a checking account.
17 Why doesn't PGW staff its offices so that customers,
18 especially seniors, don't have to wait so long?

19 PGW does not do well with the special needs of many
20 senior citizens, medical conditions, for example, or issues
21 about the death of a spouse. PGW has no special needs
22 program but PECO, in contrast, provides its special needs
23 customers with direct phone numbers. PGW gives out only the
24 main customer service number and makes everyone deal with
25 voice mail prompts, and then hope that the customer service

1 rep they reach knows how to deal with their case.

2 High PGW rates make it hard for low-income seniors to
3 deal with gas bills that get higher and higher while their
4 income remains the same. Sure, PGW sometimes must shut
5 people off to make them pay their bills, but the company is
6 unwilling to negotiate affordable payment agreements. PGW
7 has an all-or-nothing policy, and quickly sends out shutoff
8 notices when customers fall behind.

9 At the very least, people who are eligible for LIHEAP
10 should be reconnected. PGW always complains there isn't
11 enough LIHEAP money, but each winter it turns up its nose at
12 many grants because they don't cover the entire bill.

13 As a result, more and more people, about 9,000 PGW
14 customers, were forced to begin this winter without gas
15 service. Living in a cold house with no hot water, no
16 cooking fuel and no safe source of heat can lead to serious
17 illness and even death, sometimes in house fires.

18 Winter heat is a fundamental, life essential service
19 that should not cost as much as PGW now demands. If PGW
20 bills rise even higher next winter, the results will be
21 devastating for many senior Philadelphians.

22 Finally, PGW may be in debt, but customers,
23 especially seniors, shouldn't have to pay for it with their
24 lives. Don't let PGW threaten the health and well-being of
25 its most vulnerable customers. Please reject PGW's proposed

1 rate increase. Thank you.

2 JUDGE FORDHAM: Thank you. Are there any questions
3 for Ms. Walz?

4 (No response.)

5 JUDGE FORDHAM: Thank you very much.

6 (Witness excused.)

7 JUDGE FORDHAM: The next speaker will be
8 Representative Peyton.

9 (Pause.)

10 REPRESENTATIVE PEYTON: I didn't sign up.

11 COUNCILMAN RIZZO: My fault, Representative. I saw
12 you come in.

13 JUDGE FORDHAM: Okay. Lee Tolbert? Mr. Tolbert,
14 would you like to give sworn testimony?

15 MR. TOLBERT: Yes, Your Honor.

16 JUDGE FORDHAM: Please raise your right hand.

17 Whereupon,

18 LEE B. TOLBERT

19 having been duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 JUDGE FORDHAM: Would you state your name and address
22 for the record, please?

23 THE WITNESS: My name is Lee, middle initial B., last
24 name Tolbert, spelled T-O-L-B-E-R-T. My office address is
25 4601 Market Street in West Philadelphia, 19139.

1 JUDGE FORDHAM: And are you speaking on behalf of an
2 agency or as a residential customer?

3 THE WITNESS: I'm speaking on several capacity, one
4 of which is my agency.

5 JUDGE FORDHAM: Okay. Would you state that agency
6 for the record?

7 THE WITNESS: It's the West Philadelphia Coalition of
8 Neighborhoods and Businesses.

9 JUDGE FORDHAM: Okay. You may proceed.

10 THE WITNESS: Thank you. Good afternoon. My name is
11 Lee B. Tolbert and I am here in many capacities. I am the
12 President of the West Philadelphia Coalition of
13 Neighborhoods and Businesses, a non-profit community-based
14 organization serving primarily West and Southwest
15 Philadelphia. The coalition, among other things, is an
16 advocate for residents and businesses regarding those issues
17 that affect their quality of life. We represent over 150
18 community-based organizations, churches, small and large
19 businesses and institutions. I am also an active member of
20 the PUC's Consumer Advisory Council. I am a senior and I am
21 a ratepayer.

22 First, I would like to extend my appreciation to the
23 Judges. Second, I would like to thank Chairman Holland for
24 demonstrating his concern for low-income families in
25 Philadelphia. The PUC has faced several tough issues over

1 the past one and a half years. It has been fair and has
2 protected the public's interest.

3 Third, on behalf of the many small businesses that
4 the coalition represents, I would like to invite the Office
5 of Small Business Advocate to connect with my organization.
6 We've already done that, and so I will continue with that
7 connection after.

8 You know perhaps more than any other person here the
9 importance of energy rates to the small business owner, so I
10 will be more than happy to connect after.

11 Now to the substance of my testimony. Let me state
12 at the outset that PGW is Philadelphia -- and I agree with
13 Chairman Holland -- Philadelphia's number one energy issue.
14 I oppose any rate increase requested by PGW. I do not
15 believe that PGW's fiscal or managerial performance
16 justifies this or any other increase.

17 The record in this proceeding shows that in 2006, PGW
18 reported that it terminated service to nearly 37,000
19 customers who could not or did not pay their bills. Like
20 the winter before, we entered this past winter with more
21 than 9,000 PGW customers whose natural gas service was shut
22 off. About one-third of these individuals are known to be
23 low-income customers living below 150 percent of the federal
24 poverty line. This is totally unacceptable.

25 While I recognize that the entire state is suffering

1 from energy increases, Philadelphia has the dubious
2 distinction of having the gas utility with the highest rates
3 in the Commonwealth.

4 PGW's customers cannot afford a rate increase. Many
5 of Philadelphia's seniors and families are on fixed incomes
6 or in low paying jobs and their bills are in collections.
7 Many, especially seniors, have to borrow money to pay their
8 gas bill and prevent a disruption in their gas service, or
9 they have to choose between having gas service or eating, or
10 having gas service or buying medication.

11 Those whose incomes are not low enough to qualify for
12 the customer responsibility program are especially
13 struggling because they must pay the increased cost of
14 natural gas not only for themselves but also for the
15 customers on CRP who are receiving a rate discount.

16 Can you imagine how stressful this Easter holiday was
17 for many Philadelphians living below the 150 percent federal
18 poverty line? Gas prices are up. Food prices are up.
19 Clothing and other essentials are costing more and more.
20 And income has not necessarily kept up with inflation. In
21 addition, many parents living in the city have to pay for
22 bus fare for their kids to go to and from school. A \$13 a
23 month rate hike could very well mean that children will miss
24 school more often. But more importantly, this increase will
25 result in more Philadelphians having their gas service shut

1 off.

2 Safety is an essential issue in the energy arena,
3 particularly with respect to natural gas. In the case of
4 PGW, gas service shutoff may lead to the use of non-
5 traditional heating sources which could ultimately resort in
6 household fires and fatalities.

7 It seems like whenever you listen to the news or you
8 read the newspaper, quite often you hear that fire was
9 caused by someone attempting to use a non-traditional energy
10 source such as illegal connections, wood burning stove or a
11 kerosene heater.

12 Even with the highest rates in the Commonwealth, PGW
13 has not been able to manage its money in a manner that would
14 make a rate increase unnecessary. In the midst of its
15 fiscal crisis, management at PGW decided to give itself a
16 raise. In September, 2006, the Philadelphia Daily News
17 wrote several articles about \$500,000 bonuses to top level
18 officials at PGW.

19 Like many of the people who reacted to news of
20 bonuses, I was outraged. These funds could have been
21 distributed among the ratepayers or could have been used to
22 reduce the deficit within PGW.

23 The savings also could have been used to train
24 customer service representatives, field personnel and theirs
25 supervisors to improve customer service. I have heard

1 numerous horror stories from consumers regarding their
2 contacts with PGW and I have been directly involved in
3 resolving some of them. However, the money was not used for
4 any of these purposes.

5 As a member of the PUC CAC, I formally stated my
6 objection to the bonuses in writing. The secrecy
7 surrounding the bonuses cast suspicion on the entire
8 process. Why keep them a secret for two years? This
9 secrecy, coupled with the outrageous amount of the bonuses,
10 give legitimacy to the public perception that PGW is
11 continuing its legacy of mismanagement and abuse of trust.

12 Add that to the fact that PGW is preparing to request
13 another very high rate increase, and the conclusion is that
14 PGW has shown, at best, poorest judgment and, at worst, the
15 greatest contempt for its customers and its obligation to
16 operate in a fair and open manner.

17 For the reasons stated above, I again strongly urge
18 the PUC to deny any rate increase that PGW requests. I also
19 hope that the PUC will monitor PGW's actions more closely to
20 identify areas where monies can be used to avoid any further
21 rate hike and to decrease the rate that consumers are
22 currently paying for gas. Thank you.

23 JUDGE FORDHAM: Thank you.

24 Do you want your statements marked?

25 THE WITNESS: Yes.

1 JUDGE FORDHAM: They will be marked Tolbert Exhibit
2 1.

3 (Whereupon, the document was marked
4 as Tolbert Exhibit No. 1 for
5 identification and received in
6 evidence.)

7 JUDGE FORDHAM: Are there any questions or comments
8 for Mr. Tolbert?

9 (No response.)

10 JUDGE FORDHAM: Thank you very much.

11 (Witness excused.)

12 JUDGE FORDHAM: The next speaker will be Lance Haver.

13 MR. HAVER: Good afternoon. I'd like to be sworn in.

14
15 Whereupon,

16 LANCE HAVER

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE FORDHAM: Would you like to have your documents
20 labeled?

21 THE WITNESS: Sure. Thank you very much.

22 JUDGE FORDHAM: It will be Haver Exhibit 1.

23 (Whereupon, the document was marked
24 as Haver Exhibit No. 1 for
25 identification and received in

FORM 1

1 evidence.)

2 JUDGE FORDHAM: Would you state your name and address
3 for the record, please?

4 THE WITNESS: My name is Lance Haver. My address is
5 6803 Lawnton, L-A-W-N-T-O-N, Avenue, Philadelphia.

6 JUDGE FORDHAM: Mr. Haver, are you speaking as a
7 resident or on behalf of the Mayor's Office?

8 THE WITNESS: I'm not speaking on behalf of the
9 Mayor's Office. I'm speaking on behalf of myself.

10 JUDGE FORDHAM: Okay.

11 THE WITNESS: My name is Lance Haver. Thank you very
12 much for this opportunity to speak. I'm the director of
13 Consumer Affairs for the City of Philadelphia.

14 Let me start out with the obvious. Philadelphians
15 have seen their gas bills skyrocket in the years since
16 President Bush has taken office. The average bill in 2002-
17 2003 was \$900. This year it will be almost \$2,000.

18 At the same time, the federal government has refused
19 to tie the annual LIHEAP and crisis grants to the price of
20 heating oil or natural gas. The overwhelming majority of
21 Philadelphia families have not seen their incomes increase
22 to keep up with the utility bills.

23 Forcing struggling families to pay more would make a
24 bad problem worse and asking those who can keep up to keep
25 paying more and more for those, who through no fault of

1 their own cannot, is wrong.

2 The skyrocketing bills have been driven by the price
3 of natural gas at the well, not by the Philadelphia Gas
4 Works. Under the Bush energy plan, natural gas has more
5 than tripled. As approximately 50 percent of our bills are
6 the cost of natural gas, a 200 percent increase at the
7 wellhead leads to a doubling of the gas bills. In truth,
8 had PGW, the City of Philadelphia and the Commonwealth of
9 Pennsylvania done nothing, the bills, as high as they are
10 now, would even be worse.

11 To help the public keep their bills within reach, PGW
12 and the City of Philadelphia have taken positive steps. The
13 city has stopped collecting \$18 million from the gas works
14 every year, a charge that was the equivalent of a sales tax.

15 The city has also loaned PGW \$45 million in an effort
16 to keep gas bills affordable. PGW, the United Way and the
17 city have conducted literally hundreds of free workshops
18 showing consumers how they can conserve energy.

19 New loan programs have been established by the city
20 to help consumers purchase new heaters. PGW has weatherized
21 literally thousands of homes. In addition, PGW has
22 aggressively helped consumers apply for LIHEAP and crisis
23 grants and enrolled families in the CRP programs at historic
24 levels, and the Commonwealth has raised the eligibility for
25 LIHEAP and crisis from 135 percent of poverty to 150

1 percent.

2 The city has installed professional management at
3 PGW. Collection rates and efficiencies are up. It was not
4 that long ago, under the old management team, that PGW had a
5 billing computer system that did not work and was literally
6 giving ratepayers' money away. Under the old management,
7 PGW was making two types of decisions, bad and worse. All
8 three of the previous managers were indicted for stealing
9 from the gas works.

10 We've come a long way since Mr. Hawes decided to
11 spend ratepayers' money on golf outings at his alma mater,
12 Mr. Martin decided to spend our money on his security system
13 and Mr. Sherbut fraudulently submitted his resume.

14 Of course, we should continue to ask PGW to improve
15 its services, but we have to be honest. Even if it did, it
16 would not solve the most pressing problems, ones that are
17 not the city's or PGW's fault, but the fault of the Public
18 Utility Commission.

19 One is the problem of paying for those who cannot
20 kept up with the skyrocketing bills; and the other, how can
21 PGW pay for higher labor and health care costs when we are
22 teaching people to use less.

23 I know there will be some who will question my
24 judgment by pointing out that the Street administration
25 appointed me to this position. All I ask is that you

1 consider that on occasion, I've testified against positions
2 the administration was advocating.

3 I opposed the surcharge on gas bills that PGW
4 requested three years ago. I opposed the last water rate
5 hike. I testified in opposition to the cuts in the business
6 privilege taxes, and most recently testified in favor of
7 removing Wachovia from the list of approved depositories.

8 I believe that PGW needs more money in part because
9 the City of Philadelphia runs the most comprehensive and
10 affordable low-income plan in the state, and in part because
11 as we conserve, the overhead PGW collects on sales isn't
12 enough, and in part because of rising labor and health care
13 costs.

14 That is why I believe both statements are true. Many
15 people cannot afford to pay any more, and PGW needs more
16 money.

17 If the Public Utility Commission treated
18 Philadelphians fairly, it would spread the universal service
19 charge, which pays for those who cannot keep up, across the
20 entire state. As of now, the PUC forces Philadelphians to
21 pay a disproportionate share of those costs.

22 The PUC in an intellectually dishonest way says we
23 should all bear the burden for those who cannot afford
24 utility service, and then orders it placed most heavily on
25 those who live next to the lowest income consumers.

1 No honest interpretation of the facts would excuse
2 the redlining that the PUC has engaged in over the last 20
3 years. What makes it worse is for the least expensive
4 utility, phone service, the PUC spreads the universal
5 service charge across the entire state, but for the most
6 expensive utility, gas, it forces the burden of the
7 universal service charge on the smallest area possible.

8 The PUC is like many practitioners of the right wing
9 agenda. It gives the benefits of society to the rich and
10 the burdens of society to poor and working people. The PUC
11 purposely places the burden of those on limited and fixed
12 income and the working poor on Philadelphians alone and
13 allows the other citizens in the state to pay far less of
14 the universal service charge than Philadelphians pay. As a
15 result, the gas works and the City of Philadelphia finds
16 itself facing a dilemma. People cannot afford to pay more
17 and PGW needs more.

18 To make it even clearer how little the PUC cares
19 about the needs of poor and working people, examine how much
20 time and energy the PUC spends promoting renewable energy
21 and how little time they spend promoting conservation.

22 The PUC has established four different funds to fund
23 renewable energy. There is not a single fund to support
24 conservation and weatherization. If the PUC really cared
25 about helping people conserve, they would run a national

1 competition for the most cost efficient method to weatherize
2 a home.

3 If the PUC were to act justly and share the burden
4 across the state, there would be no need to raise the bills
5 in Philadelphia.

6 Your Honors, there are few times in a judge's life
7 when a decision can change the future. The two of you have
8 that opportunity. You can do what you know is right and
9 place the burden where it belongs, on the failure of the
10 Public Utility Commission, the Commonwealth and the federal
11 government to implement a fair and just universal service
12 charge, adequate energy assistance and a conservation plan
13 that helps poor and working people. If you do not stand, if
14 you will not take this opportunity, who will tell the truth
15 to power?

16 So I ask you to find the courage it will take to
17 issue a report that clearly states, people in Philadelphia
18 should not be charged a single cent more and PGW needs
19 greater revenues. The only solution is to change the way
20 business is done. Saying anything less will be a betrayal
21 of the very people who fought so hard to ensure you have the
22 right to hold the position you are in today. Thank you.

23 JUDGE FORDHAM: Does anyone have anything? Mr.
24 Lawrence?

25 MR. LAWRENCE: I do, Your Honor.

CROSS-EXAMINATION

1
2 BY MR. LAWRENCE:

3 Q. Mr. Haver, just one question. This is just for
4 clarification's sake. At the beginning of your testimony,
5 did I understand you correctly that you were testifying as a
6 citizen and not as a representative of the mayor's office?

7 A. That's correct.

8 Q. Okay. I just wanted to check to make sure
9 because as I received your testimony, I see that it's on the
10 stationery of the mayor's office and I was somewhat
11 confused, and I just wanted to be sure of that point. I
12 think it's sort of critical.

13 A. Well, depending on how critical it is, let me
14 try and make it as simple for you as possible. I'm the
15 director of consumer affairs. I am stating my position. I
16 am not stating the position of the administration.

17 As you know, there's a conflict that the
18 administration, the city owns the gas works, and it is not
19 fair the gas works is a moving party.

20 I have been afforded independence by mayor's office
21 to come here and testify my position. My position is very
22 simple, that OCA should be joining me in saying the PUC must
23 put the burden across the entire state.

24 And frankly, I'm a little shocked that it takes me to
25 say that and OCA is not out in front on this issue. You

1 know as well as I do that the way the PUC has been behaving
2 is a form of redlining. By putting the burden only on the
3 City of Philadelphia and you not saying anything about it,
4 you are silent to one of the things that forces our bills
5 up.

6 Q. Thank you for the clarification. I certainly
7 won't debate our position with you in this forum, although
8 I'm sure you've read our filed testimony on Friday. But
9 thanks very much. I appreciate it.

10 A. You're welcome.

11 JUDGE FORDHAM: Does anyone else have anything?

12 (No response.)

13 MR. CLEARFIELD: Thank you for coming.

14 JUDGE FORDHAM: Thank you.

15 (Witness excused.)

16 JUDGE FORDHAM: The next witness is Elizabeth Signil,
17 S-I-G-N-I-L.

18 MS. SIGNIL: Good afternoon.

19 JUDGE FORDHAM: Good afternoon. Would you like to
20 give sworn testimony?

21 MS. SIGNIL: Yes, I would.

22 JUDGE FORDHAM: Please raise your right hand.

23 Whereupon,

24 ELIZABETH SIGNIL

25 having been duly sworn, testified as follows:

DIRECT TESTIMONY

1
2 JUDGE FORDHAM: Would you state your name and address
3 for the record and please spell your last name.

4 THE WITNESS: Okay. My name is Elizabeth Signil,
5 S-I-G-N-I-L. I live at 2328 Dickinson Street, Philadelphia,
6 Pennsylvania.

7 JUDGE FORDHAM: And are you a PGW customer?

8 THE WITNESS: Yes, I am.

9 JUDGE FORDHAM: And are you retired?

10 THE WITNESS: Yes, I am.

11 JUDGE FORDHAM: You may proceed.

12 THE WITNESS: As I said before, my name is Elizabeth
13 Signil. I'm a PGW customer who has lived on the block of
14 2300 Dickinson Street for 43 years. I worked as a teacher
15 in Philadelphia for four decades, most recently at Lincoln
16 University, before retiring in 1997.

17 I am here today as a member of the Philadelphia
18 Workers Benefit Council, a delegate body representing low-
19 income workers in Philadelphia. I am also here as a
20 ratepayer and a concerned citizen.

21 This is not the first time that I've spoken before
22 representatives of the Public Utility Commission on the
23 issue of PGW's financing and its rates. I did it on May 6,
24 2004 and again a year later.

25 Since that time, the problems of PGW customers have

1 worsened, and the decisions and requests that were all
2 granted before have not solved any problems for PGW's
3 customers. They have added to the burden and actively
4 endangered poor and working people.

5 I have spoken on behalf of myself and many other
6 people about how to solve the problems with the out-of-
7 control gas rates and the huge number of people who are in
8 debt, but you have never even answered these proposals. You
9 call these "hearings," but you are not listening.

10 We are now paying twice as much to PGW as we were in
11 2000, but we have seen no increase in the safety or
12 reliability of service. Over 20,000 families faced shutoffs
13 last year because the rates are higher than their income.
14 Where is our money going?

15 For more than 12 years, I and fellow members of the
16 Philadelphia Workers Benefit Council have been telling you,
17 and before you the Philadelphia Gas Commission when that was
18 the regulatory body, PGW is no longer being used to provide
19 a basic service, because gas is a basic service. It is a
20 necessity for human life and industry. We all need to stay
21 warm in the winter. We all need to be able to cook food.
22 Thousands of businesses need gas service.

23 But instead of using this publicly owned natural
24 resource for the public, for paying customers, it is purely
25 a means for profiteering by a group that has no personal

1 interest in the city or in providing gas heat or in using
2 gas for running a business. I am referring to the
3 bondholders.

4 What we've been saying is now finally being admitted
5 to by PGW in its proposal for its latest rate hike, which is
6 the largest rate increase request PGW has ever made. PGW is
7 in a financial crisis.

8 In order to make interest payments of \$74 million a
9 year for the bondholders, PGW continually increases rates
10 without improving service. The bondholders get special
11 profits. They can only get these special triple tax free
12 interest payments -- meaning no local, state or federal
13 taxes, pure profit -- because of the special powers of
14 government.

15 Only a government can get away with removing the
16 standard obligation of taxpaying citizens and businesses.
17 Whenever the PGW doesn't show a profit and the profits are
18 threatened, Moody's and other credit rating agencies
19 threaten to lower the bond rating, which increases the rate
20 of interest the city must pay, so the bond industry tells
21 PGW to go to the PUC and ask for a rate hike. It is a
22 complete and total racket. The bondholders get profits.
23 The people get shafted.

24 For the last seven years, the PUC has approved these
25 rate hikes and is therefore responsible for the effects on

1 those for whom rates have become prohibitive. On a legal
2 and ethical level, this is a violation of the PUC's
3 responsibility to insure safe and reliable service at
4 reliable rates -- at affordable rates, excuse me.

5 On a practical and financial level, it is a losing
6 plan. Anyone who has taken even a middle school finance
7 course can figure out that if you keep raising the price
8 you're charging to customers who are already in debt from
9 the last rate increase while businesses close down and jobs
10 leave, you are on the road to economic disaster.

11 Meanwhile, we, the working poor, are paying for your
12 lack of sensible action on this issue. We're paying with
13 lives as well as dollars. My own real income has gone down.
14 I'm struggling month to month to pay my bills on a limited
15 income. My mortgage payments have gone up. My medical
16 bills have increased and my utility bills continue to take
17 more and more of my Social Security income. Some months, I
18 have to choose whether or not I'm going to be able to buy my
19 medication or pay my gas bills.

20 How many more deadly fires do we have to suffer
21 through, and how many more thousands of people will have
22 their service disrupted and their financial lives destroyed,
23 because of a higher rate that they can never pay and a debt
24 that they can never recover from?

25 The answer is simple. There is a conflict of

1 interest between outside profit investors and public
2 utilities. Make a plan to buy out and close down the bonds.
3 Charge rates based on the actual cost of operation, and
4 charge according to ability to pay.

5 Not only that, but the City of Philadelphia owns its
6 own gas works. This could be used to attract business and
7 residents who see what is happening with the privatizing of
8 utilities and are looking for a vehicle in which to invest
9 their resources that do not compromise human life.

10 The city government of Philadelphia is now the first
11 public Enron, and it can stop this. Working people must
12 have a seat at the table here, and instead of discussing how
13 to pay off interest rates, we have to talk about how to stop
14 the destruction of our economy and our people's lives. This
15 is a public policy question.

16 I call on the PUC to make an extraordinary decision
17 today, and deny the rate request by ordering the city
18 government to get out of the financing business and start
19 acting like a government instead. Thank you.

20 (Applause.)

21 JUDGE FORDHAM: Thank you. Are there any questions
22 or comments for this witness?

23 (No response.)

24 JUDGE FORDHAM: Thank you very much.

25 THE WITNESS: Do you want this?

1 JUDGE FORDHAM: Yes. We can mark it Signil Exhibit
2 No. 1. She only has one copy at this time but --

3 THE WITNESS: I have two copies.

4 JUDGE FORDHAM: You have two copies? Give one to the
5 court reporter and give one to Judge Jones.

6 (Whereupon, the document was marked
7 as Signil Exhibit No. 1 for
8 identification and received in
9 evidence.)

10 (Witness excused.)

11 JUDGE FORDHAM: The next speaker will be Bernard
12 Reed. Would you like to give sworn testimony?

13 MR. REED: Yes.

14 JUDGE FORDHAM: Please raise your right hand.

15 Whereupon,

16 BERNARD REED

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE FORDHAM: Would you state your name and address
20 for the record, please?

21 THE WITNESS: My name is Bernard Reed. My address is
22 6334 Grays Avenue.

23 JUDGE FORDHAM: And what is your occupation?

24 THE WITNESS: I'm a full-time organizer.

25 JUDGE FORDHAM: And are you a PGW customer?

1 THE WITNESS: Yeah, yeah. I mean, I'm not on the
2 bill, if that's what you're saying, but I contribute. I'm a
3 consumer, I guess you could -- I'm a consumer.

4 JUDGE FORDHAM: You live in a household that has PGW
5 as their --

6 THE WITNESS: Yes, gas.

7 JUDGE FORDHAM: Any objection?

8 (No response.)

9 JUDGE FORDHAM: You may proceed.

10 THE WITNESS: So my name is Bernard Reed. I am a UPS
11 worker and a college student and a delegate from the -- I
12 mean, not -- delegate from the Philadelphia Workers Benefit
13 Council, which is made up of working people like myself who
14 represents over 15,000 low paid service workers in the City
15 of Philadelphia.

16 I have seen my families' utilities being shutoff
17 along with my neighbors and even some of my classmates. I
18 have helped many people get their gas service turned back
19 on, and the real disaster here isn't that PGW is trying to
20 borrow more money. That's just trying to escape from the
21 real disaster going on under all this. Bankers and
22 investors can't or don't want to solve the real problem of
23 poverty. They just adapt to the new situation by loaning
24 more money and this happens in poor neighborhoods all the
25 time. The person who is forced to borrow so they can eat

1 today just ends up giving everything they own to the loan
2 sharks.

3 Of course, PGW is not a person, but it's, you know, a
4 part, a piece of the government. So the reality is that in
5 Philadelphia, the poverty has increased in the last ten
6 years, with an increase in the numbers of working poor in
7 the City of Philadelphia, making it the fifth poorest county
8 in the nation.

9 The same census study shows that while the income at
10 the bottom has gone down, the income at the top has gone up
11 and that is the real meaning of attracting more bond
12 investors by raising utility rates, transferring more and
13 more money from low-income people to wealthy people. Is
14 that the role of the government? Is that what the gas
15 service really is for?

16 There is a terrible responsibility falling on the
17 shoulders of the PUC and the municipal administration of PGW
18 on relying on these refinancings. The Legislature changed
19 the power of the government over the people in the name of
20 solving the PGW financial crisis.

21 In testimony at May, 2004 hearing, an expert
22 testifying on behalf of PGW stated that it is likely that
23 maybe fifty percent of the households will be increasingly
24 unable to pay for gas bills due to changes in the national
25 economy for which no solution is currently evident.

1 According to a survey by a regional non-profit credit
2 counseling agency in 2005, debt grew for 52 percent of the
3 people in Philadelphia with incomes of \$15,000 or less and
4 for 28 percent of people with incomes higher than \$75,000.
5 Fifty-one percent of those who borrowed more said the reason
6 was for soaring energy costs.

7 Mr. Hershey wrote in his December, 2006 testimony
8 that until recently, the collection effort was not efficient
9 and that now it is improved. The power to collect from
10 20,000 poor customers is what he is talking about, but he is
11 not talking about how that was done.

12 What did PGW do to respond to the increasing number
13 of uncollectibles it experienced a few years ago? In
14 December, 2002 and January, 2003, two elderly Philadelphians
15 named O'Kelley Barlow and Betty Clark died in their homes as
16 a result of heart disease and hypothermia after PGW violated
17 state law by failing to give warnings to these people before
18 their gas got shut off.

19 PGW lied to the PUC by claiming that it had called
20 Mr. Barlow to warn him of his impending shutoff. It later
21 acknowledged that this was impossible due to the fact that
22 Mr. Barlow had no phone number. PGW was found responsible
23 for these two deaths and for its crime was mainly fined a
24 hundred million -- I mean, a hundred thousand dollars.

25 Sorry.

1 So you do the math. No figure that you come up with
2 can be compared to the cost of lives. You can't put a
3 dollar figure on a life. But to make the next bond rating
4 to keep up the financing, PGW lobbied to loosen, to remove
5 laws resulting in fines -- in cases like Barlow's and
6 Clark's.

7 In the winter of 2004, without public input, PGW
8 officials attached a bill as an amendment onto unrelated
9 legislation. The bill was shuttled through the Legislature
10 with no public debate whatsoever, and it was passed while
11 people were preoccupied with the November elections and the
12 holiday season.

13 This law, how Mr. Mohamed stated, was the Landlord
14 Responsibility Act, Act 201. It takes away from the
15 protections people have had so that now PGW can turn off
16 more people in debt more efficiently.

17 It can't make money by getting people to pay high gas
18 bills. You only have one other choice. Get rid of the
19 customers who are having a hard time making ends meet and
20 paying the bills. This law allows winter-time shutoffs for
21 the first time in 30 years and PGW's collection rate has
22 indeed improved from 80 percent in 2003, 91 percent in 2004,
23 to 97 percent in 2006.

24 At what cost? This past winter, the Philadelphia
25 Fire Department attributed 17 fatal fatalities -- fatal

1 fires to utility shutoffs. The largest number of victims
2 were children. Unlike the Clark and Barlow shutoffs, these
3 were legal, because the law barring this behavior has been
4 taken away. Can't you see the connection between the number
5 of uncollectibles and the decline in real income in
6 Philadelphia?

7 Act 201 is more than just allowing utility companies
8 to shut off people even if it endangers their lives. Act
9 201 assigns unpaid debts to all adults living in the house
10 of the customer for the rest of their lives.

11 Act 201 tells landlords that they will have to pay
12 their property -- will have their property put under liens
13 if they don't turn over all the names of the adults in the
14 household or even allow a tenant not to pay a gas bill.

15 Act 201 authorizes understand utility companies to
16 send a list of customers in debt to the welfare department.
17 This law is going far outside the powers of a problem of
18 providing public gas service in an efficient manner to
19 citizens of a government. This law is trying to make the
20 customers who cannot afford the rates into criminals and
21 punishing them in ways that are outside of the government
22 powers, of the powers of the government.

23 Why did this happen? Because that's the kind of laws
24 that will make a bond rating go up and a collection rate go
25 up. The PUC and PGW have lost sight of the people. They

1 are impoverishing our community, attacking the poor, sick
2 and elderly and destroying their own customer base, all to
3 pay off tax-free interest. This is worse than Enron because
4 it is our government. How long do you think bondholders are
5 going to hang on to these bonds when they hear about this?
6 Will you hide this problem?

7 My question to the four or five members of the PUC
8 who will ultimately decide on this matter is a simple one.
9 Are you going to commit the same error yet again when the
10 so-called solution, raising the rates, didn't work the first
11 time? And are you so threatened by the schemes of these
12 profiteers that you will turn a blind eye to the total lack
13 of logic in PGW's argument?

14 I think I am speaking for most of the customers, the
15 people you serve, when I say we want the people to have
16 affordable gas service and nothing more. The PUC can make a
17 plan to end the financing, and we want the money raised to
18 buy out the bondholders by local people and companies who
19 understand the need to keep the money inside the community,
20 and we want the bondholders out who are fleecing the city.

21 I'd like to thank Judge Fordham and Judge Jones and
22 the staff members of the Pennsylvania Utility Commission for
23 inviting our input.

24 And the main thing we ask the Commission to do is to
25 use the public gas service to service the public. We could

1 be talking about how to use cheap, plentiful gas to attract
2 businesses and create local jobs and lowering the rates so
3 people can go shopping again in the stores of our city, but
4 instead we will be talking about who else died because they
5 were shut off for life. You decide, but we the people will
6 know who you serve by the decision that you make.

7 JUDGE JONES: Mr. Reed, for clarification?

8 THE WITNESS: Yes.

9 JUDGE JONES: In listening to your testimony, are you
10 here representing the Philadelphia Workers Benefit Council?

11 THE WITNESS: Yes.

12 JUDGE JONES: Thank you.

13 THE WITNESS: Anyone else?

14 JUDGE FORDHAM: Does anyone have anything?

15 (No response.)

16 JUDGE FORDHAM: Thank you. You would like your
17 statement --

18 THE WITNESS: Yes, be given to you guys.

19 JUDGE FORDHAM: Okay. It will be marked Reed Exhibit
20 1.

21 (Whereupon, the document was marked
22 as Reed Exhibit No. 1 for
23 identification and received in
24 evidence.)

25 (Witness excused.)

1 JUDGE FORDHAM: The next witness is Mark Lewis.

2 MR. LEWIS: Good afternoon.

3 JUDGE FORDHAM: Good afternoon. Mr. Lewis, would you
4 like to give sworn testimony?

5 MR. LEWIS: Yes, I would.

6 JUDGE FORDHAM: Would you raise your right hand,
7 please?

8 Whereupon,

9 MARK LEWIS

10 having been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 JUDGE FORDHAM: Would you state your name and address
13 for the record, please, and please spell your last name?

14 THE WITNESS: My name is Mark Lewis. I live at 241
15 Buckingham Place in West Philadelphia, and the spelling of
16 my last name is L-E-W-I-S.

17 JUDGE FORDHAM: Mr. Lewis, are you a PGW customer?

18 THE WITNESS: I am a PGW customer and a consumer.

19 JUDGE FORDHAM: Okay. And what is your occupation?

20 THE WITNESS: I work for the University of
21 Pennsylvania in the library system.

22 JUDGE FORDHAM: Thank you. You may proceed.

23 THE WITNESS: Thank you very much. I'd like to start
24 off by thanking everyone for being here and allowing me to
25 speak. My name is Mark Lewis and I was born and raised in

FORM 1

1 Philadelphia and I'm currently employed at the University of
2 Pennsylvania.

3 I'm opposed to the rate hike and I'm working as a
4 volunteer with Eastern Service Workers Association to help
5 our membership of low-income families who are suffering from
6 the terrible financial burdens they are still trying to pay
7 off from the previous rate hikes.

8 PGW officials openly admit that their latest request
9 for a rate hike is an act of desperation. In testimony
10 submitted to the PUC with this proposal, PGW's vice
11 president of regulatory and external affairs, Steven P.
12 Hershey, states that, "PGW has come to resemble the customer
13 of a payday lender who is unable to sustain a cash flow
14 sufficient to pay expenses and meet financial needs and is
15 compelled to borrow to make it to his or her next paycheck,
16 piling on the cost of borrowing, and making the situation
17 worse."

18 In testimony submitted by PGW with this proposal,
19 Gary Krellenstein, investment banker and managing director
20 in JP Morgan's Energy Group, states that the investors
21 buying up PGW's triple-tax-free, insured bonds are primarily
22 comprised of corporations and wealthy individuals in high
23 tax brackets. That's who owns PGW's bonds. That's who Mr.
24 Hershey and others are sweating to pay off. That's who this
25 rate hike is supposed to benefit.

1 This market, Mr. Krellenstein testifies, suffers from
2 the weakness of being what he calls "shallow." What does
3 "shallow" mean? It means that there aren't very many
4 players in this game. Mr. Krellenstein goes on that because
5 there are limited number of wealthy individuals and
6 corporations interested in profiting off of the triple-tax-
7 free, insured nature of PGW's bonds, so therefore PGW has to
8 generate more investors, and only way to do that is to
9 guarantee significantly higher rates of return.

10 How will PGW produce this higher rate of return?
11 Will they sell more gas than last year? Does PGW have more
12 new customers and are more people using more gas? Is the
13 industry and services using natural gas that will increase
14 their usage? Where is the basic plan to operate? This
15 isn't about delivering a needed product as a part of an
16 economy based on growth or improvements. This is a
17 refinancing plan to pay higher interest.

18 And who is calling for this solution? An investment
19 banker. I agree that this is like Enron, where the
20 investors and the investment industry all agree they had to
21 go along with this because they had only one reason for
22 being involved in the gas heating business, and that's
23 profit.

24 It has nothing to do with how many people have heat,
25 or if the pizza place can make pizza or the hospital has

1 heat. This is all about using my gas rate increase and the
2 almost half a million other customers, to allow them to stay
3 in the investment business.

4 This municipal utility is out of the control of the
5 municipal government. Even as an investment, this is not
6 sound. Just because the government has the special power to
7 decide to send out bills for more and more money to the same
8 citizens and businesses here doesn't mean that it's going to
9 work. The debts are piling up from customers who couldn't
10 pay for the last three increases. The number of businesses
11 closing because of energy costs is going up. PGW announced
12 that 20,000 customers were in debt last year. This isn't a
13 customers. That's bad business.

14 It sounds to me more like a cash cow where the
15 bondholders milk us for all we're worth, and PGW acts as
16 their collection agent.

17 PGW states that without this base rate increase, its
18 survival is at stake. It said the same thing back in 2002.
19 Its words have not changed. It got what it asked for then,
20 a base increase of at least \$35 million, and yet we're here
21 again, five years later, with an even larger rate increase
22 request. If the base rate hike didn't work to resolve their
23 problems in 2002, why do you think it's going to work in
24 2007? PGW's survival is at stake, and the only answer is to
25 change how it operates. If we do not, then the next thing

1 we'll be seeing is the rest of the Enron scandal, and who
2 will end up owning PGW? The same investment firms which are
3 calling for increases today. Instead, I call on the PUC to
4 rule that the financing plan be cancelled and PGW be put
5 back under public control. Thank you.

6 JUDGE JONES: Mr. Lewis, for clarifying purposes
7 only, is your testimony authorized by the Eastern Service
8 Workers Association that you volunteer for?

9 THE WITNESS: Yes, it is.

10 JUDGE JONES: Thank you.

11 CROSS-EXAMINATION

12 BY MR. CLEARFIELD:

13 Q. Can I just ask, is the Eastern Service Workers
14 Association affiliated with the Philadelphia Workers Benefit
15 Council?

16 A. Yes, it is.

17 Q. How is it affiliated? Part of it?

18 A. Part of it, yes.

19 MR. CLEARFIELD: Okay. Thanks.

20 THE WITNESS: Other questions?

21 (No response.)

22 THE WITNESS: Thank you.

23 JUDGE FORDHAM: Do you want that submitted?

24 THE WITNESS: Yes, I do.

25 JUDGE FORDHAM: That shall be marked Lewis Exhibit 1.

1 (Whereupon, the document was marked
2 as Lewis Exhibit No. 1 for
3 identification and received in
4 evidence.)

5 JUDGE FORDHAM: Thank you.

6 THE WITNESS: Thank you.

7 (Witness excused.)

8 JUDGE FORDHAM: The next witness is Cornelia Hester-
9 Williams.

10 MS. HESTER-WILLIAMS: Good afternoon. My name is
11 Cornelia -- I would like to be sworn in.

12 JUDGE FORDHAM: Okay.

13 MS. HESTER-WILLIAMS: My name is Cornelia Hester-
14 Williams.

15 JUDGE FORDHAM: Please raise your right hand.
16 Whereupon,

17 CORNELIA HESTER-WILLIAMS
18 having duly affirmed, testified as follows:

19 DIRECT TESTIMONY

20 JUDGE FORDHAM: Would you spell your name for the
21 record?

22 THE WITNESS: My first name is spelled
23 C-O-R-N as in Nancy E-L-I-A. My last name is spelled
24 H-E-S as in Sam T as in Tom E-R hyphen Williams,
25 W-I-L-L-I-A-M as in Mary, S as in Sam.

FORM 1

1 JUDGE FORDHAM: And for the record, I would note that
2 Ms. Hester-Williams has filed a formal complaint at Docket
3 No. R-00061931C0007, and she was at the first pre-hearing
4 conference that we had. You may proceed.

5 THE WITNESS: My address is 2727 West Lehigh Avenue,
6 Philadelphia, PA, 19132.

7 JUDGE FORDHAM: And what is your occupation?

8 THE WITNESS: I'm a retired medical secretary.

9 JUDGE FORDHAM: Thank you.

10 THE WITNESS: On February 23rd, I attended a Public
11 Utility Commission meeting, it was a pre-hearing conference
12 for scheduling the hearings and public input hearings to
13 address the 11 percent rate hike proposed by the
14 Philadelphia Gas Works, PGW, which amounts to \$107 million.

15 During the scheduling procedure, I perceived there
16 was a foregone conclusion that the Commission would approve
17 a rate hike, although it might not be the one that PGW was
18 asking for. That was my opinion.

19 I had submitted a formal complaint and Judge Fordham
20 asked me, did I want to intervene, and I didn't. I since
21 wrote a letter to the politicians that represent my North
22 Philadelphia community and asked to see if they would
23 intervene.

24 On Sunday, February 18, 2007, I was watching a
25 program on Channel 6. I believe the name is Inside

1 Story. J. Whyatt Mondesire, a panel member, commented that
2 PGW was doing well, however, they needed an additional \$100
3 million to get out of the red. Mr. Mondesire gave no
4 explanation why the additional money was needed as his
5 statement was given towards the close of the program.

6 If we are having difficulty or cannot pay the
7 existing bills, gas bills, what gives PGW the idea that the
8 PGW customers will be able to pay if there is a rate hike?
9 We now pay into all of PGW's operations. We pay for the
10 commodity. We pay for distribution. We pay for their
11 billing. We pay for maintenance. We pay for them to read
12 the meter, even though they can sit in a vehicle and ride
13 past and read the meter. So we're paying into every
14 operation and it's explained on the back of the bill.

15 My last -- I have a gas bill from last month. My
16 commodity charge was over \$300. The distribution charge was
17 almost \$200. My gas bill is now over \$1,000, which I cannot
18 pay. I went into the gas company. I made an agreement to
19 pay \$222 a month for a budget because I did not want to be
20 paying PGW for the rest of my life. Last year, I got on the
21 CRP program and I was paying them \$93.52 a month. The only
22 thing that was coming out of that \$93.52 that was going
23 towards my balance, which was over \$300, was I think \$8, and
24 then there was something like a \$3 processing fee.

25 By the time I got, I think it was around August, I

1 began to look at my bill. When I got on the CRP program, I
2 did not read that form correctly. I looked at my balance
3 and my balance wasn't going anywhere.

4 I called PGW. I spoke to a young lady. I asked her,
5 where was the rest of my money going. She couldn't tell me.
6 I have spoke to them before about -- I live in a house by
7 myself but I have a three story house. I shut off all the
8 vents on the first floor because I have a triplex and I
9 reside on the second and third floor.

10 I have used this, for the month of February, trying
11 to keep my bill down, I have used kerosene heat and I have
12 bought kerosene three times, and also used space heaters.

13 I have a problem with people dying because they can't
14 pay their gas bill. I would like to know -- several things
15 I would like to ask. Why do our bills go to New Jersey now
16 instead of Philadelphia? Who's benefitting from the money
17 that PGW is collecting?

18 And I would like to know, has anyone in here ever
19 lived in a cold house? Because that's why people steal gas.
20 I've lived in a cold house, and it's almost like torture.

21 On March 21st, I was coming home from an errand. PGW
22 had the cars, you know, there were PGW representatives
23 outside my house. And when I walked up, they said there was
24 a gas leak, and they had to get to my basement.

25 The young lady, I escorted her to my basement, and

1 there was a gas leak coming from outside into my house, also
2 with the house next door, 2725.

3 I asked the gentleman who lived next door on March
4 27th, I said, why were they, you know, who notified them to
5 come? He said they had come to his house to check the
6 furnace and that's when they discovered the gas leak.

7 If I'm paying \$12 a month for maintenance, what are
8 they maintaining? They proceeded to go through -- and I
9 live on Lehigh Avenue. That street should be maintained,
10 along that corridor should be maintained pretty often
11 because you have double buses riding up and down that
12 street.

13 Now, if I'm paying PGW, and I have a gas leak, am I
14 paying for the gas leak? Because my bill is very high.
15 When they came into my house, I had to wait a couple more
16 hours. There were several gentlemen who came into my house.
17 They went into the basement. They rebuilt a pipe that was
18 attached to the meter.

19 And I kind of jokingly said, "Do I have to pay for
20 that?" And they said, "Do you want to pay for it?" And I
21 said, "No." The next day I thought about, I'm paying for it
22 anyway because I'm paying for maintenance.

23 Before I came here today -- now, I'm paying them \$222
24 a month. I don't make a thousand dollars a month. I don't
25 want to get on the CRP program because, I mean, where my

1 bills would have been paid, I still owed, when I decided to
2 get off, they put none of the money that I had paid into the
3 what they call the fund, none of that went towards my bill.

4 So whatever's left over was -- and then it got cold
5 outside. It just increased. So I was paying \$222. Before
6 I got here, before I left home today, I got a gas bill. I
7 agreed to pay \$222 a month. They have the agreement down
8 now as \$268 a month, which they won't get, because I have
9 just made up my mind, they can just turn it off.

10 But you have to understand, we have human rights,
11 human rights, and we are not even being treated as humans.
12 Go into a refrigerator and stay for a half an hour, and you
13 see what these people are suffering. I've lived in a cold
14 house.

15 JUDGE FORDHAM: Ms. Hester-Williams, before you
16 leave, when you indicated you made the agreement for \$222,
17 did you make that over the telephone?

18 THE WITNESS: No. I went into the office. I went to
19 the office on Chestnut Street.

20 JUDGE FORDHAM: Did you sign something at the --

21 THE WITNESS: No, I didn't. They didn't require me
22 to sign anything.

23 JUDGE FORDHAM: Have you received a bill for the \$222
24 since --

25 THE WITNESS: I received I think two bills with

1 \$222. Today it was \$268. I didn't agree to that.

2 JUDGE FORDHAM: Does anyone else have any questions?

3 CROSS-EXAMINATION

4 BY MR. CLEARFIELD:

5 Q. Just a note, ma'am, that we do have PGW
6 representatives here, and if you want to go over the bill
7 and the payment arrangement, they can try to figure out why
8 they at least sent the bill and you can discuss it.

9 A. I can discuss it with them, but basically a lot
10 of times, they don't want to hear anything.

11 Q. Well, they're here today --

12 A. If I'm paying -- I used to call them before, why
13 are my bills so high, and that's your usage, that's your
14 usage, not, well, we're increasing the rates. They have no
15 compassion. There's no compassion.

16 Q. Well, I'm sorry, I regret you feel that way, but
17 they are here if you want to go through the bill --

18 A. Well, it's not --

19 Q. -- line by line --

20 A. I'm not the only one -- and just like the
21 gentleman said before, two of our bills have those little
22 green slips in it saying that there's going to be a
23 decrease. I was going around, I made copies of the notice
24 that was sent -- I made copies and gave it out to the people
25 to see if they would come, but if you're putting in the bill

1 that there's going to be a rate decrease and you did it
2 twice, last month and this month, if you're putting in --
3 then the people think there's going to be a rate decrease.
4 And what I'm giving them about the rate increase, they're
5 probably ignoring it, so you don't have people show up.

6 And then people don't even understand that we're
7 paying into every operation. We don't own stock. Why
8 should we pay for you to bill us? Why should we pay for you
9 to read our meters? We pay, actually paying for the gas.
10 Then we're paying for the gas to come from the city gate to
11 our house. There's a problem there. I want to know who's
12 benefiting from all the money that PGW is getting, because
13 the customers aren't.

14 (Pause.)

15 THE WITNESS: I only have one copy.

16 JUDGE FORDHAM: We'll mark it Hester-Williams Exhibit
17 1.

18 (Whereupon, the document was marked
19 as Hester-Williams Exhibit No. 1
20 for identification and received in
21 evidence.)

22 THE WITNESS: I'd like to say one more thing. My
23 cousin missed his gas bill, I think he forgot to pay it. It
24 just went past him. And they sent him a shutoff notice. He
25 said, well, I've been paying my -- and that's a problem I

1 have. I've been paying my bill for 30 or more years. If I
2 couldn't afford it, I make agreements and try to get that on
3 time.

4 Anyway, he said he went to the gas, called the gas
5 company, why are you sending me a shutoff notice? I've been
6 paying my bill on time for whatever, so many years. They
7 said, that's why, because you pay your bill on time.

8 (Witness excused.)

9 JUDGE FORDHAM: Mr. Paul Harrington?

10 (Pause.)

11 JUDGE FORDHAM: Good afternoon, Mr. Harrington.

12 Would you like to give sworn testimony?

13 MR. HARRINGTON: Yes.

14 JUDGE JONES: Please raise your right hand.

15 Whereupon,

16 PAUL HARRINGTON

17 having duly affirmed, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE JONES: Please state your full name, spelling
20 your last name for the record.

21 THE WITNESS: Paul Harrington, H-A-R-R-I-N-G-T-O-N.

22 JUDGE JONES: And your address, sir?

23 THE WITNESS: 4217 Hellerman Street.

24 JUDGE JONES: And are you currently employed?

25 THE WITNESS: Yes.

1 JUDGE JONES: And where would that be?

2 THE WITNESS: The Department of Public Welfare.

3 JUDGE JONES: And are you a PGW residential customer?

4 THE WITNESS: Yes.

5 JUDGE JONES: You may proceed with your testimony.

6 Do you have a written statement?

7 THE WITNESS: Yes.

8 JUDGE JONES: Do you have more than one copy, sir?

9 THE WITNESS: Just the one.

10 JUDGE JONES: You may proceed.

11 THE WITNESS: Thank you.

12 Good afternoon. My name is Paul Harrington. I'm a
13 residential customer and I want to add my statement for the
14 record opposing the proposed rate increase. I think it's
15 neglectful of me and working Philadelphians to increase our
16 gas rates by 11 percent.

17 The gas utility is my most costly utility bill, and
18 to increase rates above the consumer price index and cost of
19 living adjustment is gouging the average worker.

20 Our economy is increasingly interdependent, and the
21 average worker can't afford this increase. I expect the PUC
22 to take steps to properly regulate the gas utility, and
23 disapprove the increase for its 500,000 customers.

24 My gas bill over the last four months has been
25 \$169.34, \$235.01, \$144.49 and \$69.23. I can't afford a

1 monopoly inflated increase. Thank you for your time.

2 JUDGE JONES: Thank you, Mr. Harrington. Are there
3 any questions for this witness?

4 (No response.)

5 JUDGE JONES: Do you wish to have your statement put
6 into the record?

7 THE WITNESS: Yes.

8 JUDGE JONES: As a written exhibit?

9 THE WITNESS: Yes.

10 JUDGE JONES: We will mark that exhibit as Harrington
11 Exhibit No. 1.

12 (Whereupon, the document was marked
13 as Harrington Exhibit No. 1 for
14 identification and received in
15 evidence.)

16 JUDGE JONES: Please provide that exhibit to the
17 court reporter. Thank you.

18 Mr. Reverend John L. Payne?

19 (No response.)

20 JUDGE JONES: Reverend Payne?

21 (No response.)

22 JUDGE JONES: Mr. Andy Toy?

23 (Pause.)

24 JUDGE JONES: Good afternoon, Mr. Toy.

25 MR. TOY: Good afternoon, Your Honors and panelists

1 and concerned citizens out there.

2 JUDGE JONES: Do you wish to give sworn testimony?

3 MR. TOY: Yes, I do.

4 JUDGE JONES: Please raise your right hand.

5 Whereupon,

6 ANDY TOY

7 having been duly sworn, testified as follows:

8 DIRECT TESTIMONY

9 JUDGE JONES: Please state your full name, spelling
10 your last name for the record.

11 THE WITNESS: My name is Andy Toy. T-O-Y is the last
12 name.

13 JUDGE JONES: And your address, sir?

14 THE WITNESS: 141 North 22nd Street, Philadelphia.

15 JUDGE JONES: Are you currently employed?

16 THE WITNESS: I am running for city council-at-large.

17 JUDGE JONES: And are you testifying in that stead?

18 THE WITNESS: Yes.

19 JUDGE JONES: You may proceed, sir.

20 THE WITNESS: Thank you. I am here in support of the
21 Action Alliance and others in opposition to the proposed
22 rate increase. We cannot try to balance PGW's budget on the
23 backs of those least able to pay.

24 Philadelphia has the unenviable title of the highest
25 poverty rate of the ten largest cities in the

FORM 1

1 country. Beyond the base rate increases, I'm concerned
2 about other increases in charges that may be coming down the
3 pike.

4 We need to find every efficiency and way to cut costs
5 at PGW before any rate increases, including stopping bonuses
6 or pay increases to executives, or cutting upper level
7 management. PGW needs to focus on its service, not creating
8 jobs at PGW.

9 We need to increase LIHEAP funding as well. And PGW
10 needs to partner with the city to invest more funding into
11 energy conservation so that more will be able to afford to
12 pay their bills and perhaps we can even increase revenues
13 over time rather than decrease revenues at PGW.

14 I think energy efficiency is very important and I
15 don't think we're putting enough emphasis on that, and I
16 think that PGW and the city, working together, can do more
17 in that area and it will actually increase the number of
18 people able to pay their bills. So that's my statement.

19 JUDGE JONES: Thank you, Mr. Toy.

20 THE WITNESS: Thank you.

21 JUDGE JONES: For clarification, you are a candidate
22 for councilman-at-large, not currently a councilman?

23 THE WITNESS: That's correct.

24 JUDGE JONES: Okay. Are there any questions for this
25 witness?

1 (No response.)

2 JUDGE JONES: Thank you, Mr. Toy.

3 (Witness excused.)

4 JUDGE JONES: Mr. Willy Bray?

5 (No response.)

6 JUDGE JONES: Mr. Bray?

7 (No response.)

8 JUDGE JONES: 6458 North 16th Street?

9 (No response.)

10 JUDGE JONES: Mr. Jon Aglow?

11 (No response.)

12 JUDGE JONES: Mr. Aglow?

13 (No response.)

14 JUDGE JONES: 3900 City Avenue?

15 (No response.)

16 JUDGE JONES: Evon Hammond?

17 (Pause.)

18 JUDGE JONES: Good afternoon, Ms. Hammond. Would you
19 like to give sworn testimony?

20 MS. HAMMOND: Yes, just --

21 JUDGE JONES: Please raise your right hand.

22 MS. HAMMOND: About the statements.

23 JUDGE JONES: Do you want to give a statement off the
24 record or --

25 MS. HAMMOND: Just impromptu statements.

1 JUDGE JONES: Okay. Off the record?

2 MS. HAMMOND: Well, on the record.

3 JUDGE JONES: Okay. Then you want to give a sworn
4 statement?

5 MS. HAMMOND: If you can classify it as such. Uh --

6 JUDGE JONES: Wait a minute. I have to swear you in,
7 then.

8 MS. HAMMOND: Okay.

9 JUDGE JONES: Please raise your right hand.

10 Whereupon,

11 DEBORAH EVON HAMMOND

12 having been duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 JUDGE JONES: Please state your full name, spelling
15 your last name for the record.

16 THE WITNESS: Deborah Evon Hammond, H-A-M-M-O-N-D.

17 JUDGE JONES: And your address, ma'am?

18 THE WITNESS: 1929 Sansom Street.

19 JUDGE JONES: Are you currently employed?

20 THE WITNESS: Not employed now, but I had been.

21 JUDGE JONES: And you are a PGW residential customer?

22 THE WITNESS: Yes.

23 JUDGE JONES: You may proceed with your statement.

24 THE WITNESS: I think I can say that I'm confused a
25 little bit here because I see that PGW and the PUC, they are

1 functioning as capitalists, if you will, and businesses
2 really subsist on good customer base.

3 And then this is a society now where the middle class
4 is disappearing, you see. And that means that there are no
5 really wage, you know, good wage earning jobs, you know.

6 And what I don't understand is -- the way PGW and PUC
7 are going about it is unhealthy. And I see that to keep
8 pushing at customer base that's pretty much extinct is
9 actually capitalistic suicide.

10 And I don't see how that can be possible, because in
11 the end, there won't be a PUC or a PGW. They're just
12 whittling themselves out of existence. Capitalism cannot
13 exist without a customer base. That's all I have to say.

14 JUDGE JONES: Thank you, Ms. Hammond. Are there any
15 questions for this witness?

16 MR. CLEARFIELD: Yes.

17 CROSS-EXAMINATION

18 BY MR. CLEARFIELD:

19 Q. Are you affiliated with the Council that had
20 testified previously, ma'am?

21 A. No. I'm from the ESWA.

22 Q. I'm sorry, would you just tell us what that is?

23 A. Eastern Service Workers Association.

24 Q. Thank you.

25 JUDGE JONES: That was the Eastern Workers --

1 THE WITNESS: Eastern Service Workers Association.

2 JUDGE JONES: Any other questions?

3 (No response.)

4 JUDGE JONES: Thank you, Ms. Hammond. You may be
5 seated.

6 (Witness excused.)

7 JUDGE JONES: Mr. Felipe Garrett?

8 (No response.)

9 JUDGE JONES: Mr. Felipe Garrett?

10 (No response.)

11 JUDGE JONES: Ms. DeBorah Giles?

12 (Pause.)

13 JUDGE JONES: Good afternoon, Ms. Giles.

14 MS. GILES: Good afternoon.

15 JUDGE JONES: Do you wish to give sworn testimony?

16 MS. GILES: Yes, I do.

17 JUDGE JONES: Please raise your right hand.

18 Whereupon,

19 DeBORAH GILES

20 having been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 JUDGE JONES: Please state your full name, spelling
23 your last name for the record.

24 THE WITNESS: My name is DeBorah Giles, D-E-B-O-R-A-H
25 G-I-L-E-S.

1 JUDGE JONES: And your residence?

2 THE WITNESS: I live at 4614 Cedar Avenue.

3 JUDGE JONES: Are you currently employed?

4 THE WITNESS: Yes. Well, I have my own business.

5 I'm a tax accountant, and I also have a share in an
6 apartment building. I own an apartment.

7 JUDGE JONES: And are you testifying on behalf of
8 yourself or another agency?

9 THE WITNESS: I'm testifying on behalf of myself, my
10 block members, my clients and the small businesses around in
11 my area.

12 JUDGE JONES: Are you testifying as a commercial
13 customer or residential customer or both?

14 THE WITNESS: A residential customer.

15 JUDGE JONES: You may proceed with your testimony.

16 THE WITNESS: I'd first like to preface this, I also
17 testified before City Council --

18 JUDGE JONES: Oh, excuse me. Ms. Giles, you are the
19 same Giles that has a complaint in this proceeding?

20 THE WITNESS: Yes.

21 JUDGE JONES: And that would be at Docket No.
22 R-00061931C0048. I'm sorry, ma'am. You may proceed with
23 your testimony.

24 THE WITNESS: Okay. And also, I also had some
25 petitions signed in my neighborhood and at the post office,

1 and I also sent those in, so I might be in there, I was in
2 there twice, I think.

3 And I wanted to say that I did testify before at City
4 Council in March to have a question on the ballot about the
5 PGW rates and to ask the voters to deny the rate hike.

6 Basically, I want to strongly object to the proposed
7 rate increase. And I remember that not too long ago, in
8 2002, that the gas company raised its base rates by \$36
9 million. At an energy efficiency seminar that I attended a
10 few weeks ago, we were informed that PGW just increased its
11 rates in October, 2005 by 29 percent and according to the
12 PUC website, they are now asking us for another 11 percent.

13 As I've said, I am a tax accountant. My clients
14 include businesses, individuals and senior citizens. Even
15 though the gas company gave a small discount, neither
16 category of taxpayers nor I have been yet able to recoup
17 from the increases.

18 One particular set of clients I had were senior
19 citizens. One was suffering from diabetes and related
20 blindness. The other had Alzheimer's. They hired me to
21 help them with their budgeting. One thing that I noticed
22 with the senior citizens is they really want to pay their
23 bills, and this particular couple wanted to make sure --
24 that's why they hired me -- their average bill before all
25 the rate hikes in 2002 was about \$150 a month.

1 After PGW raised their rates, their bills shot up to
2 a much higher monthly average. The wife died in June, 2002
3 and their son came home to take care of his father. He
4 arranged for his father's account to be put on a budget plan
5 for \$50 a month. I was astonished, because their income
6 would not qualify them for any subsidy program. I was
7 concerned because their average usage was higher than \$50 a
8 month, and collecting less than the average bill due would
9 cause a monthly deficit and would be difficult to pay at the
10 end of the year.

11 Prior to the son taking over, the parents were very
12 responsible and diligent about paying their bills in total.
13 They hired me to make sure of that. Nevertheless, my
14 question to PGW and PUC is, if there had been proper
15 analysis done regarding gas usage and payment history, how
16 could a \$50 a month monthly budget be established and
17 approved for an account that typically paid \$150?

18 This is not the fault of the general public nor
19 should we be penalized for such oversights like that and
20 some others that other people have recognized here, like
21 service and not paying particular attention to the needs of
22 senior citizens or landlords and tenants.

23 Perhaps there should be a separation or a market
24 segmentation of the types of clients that we have, and see
25 how their procedures may need to be differentiated from one

1 set to the other.

2 Incomes are not increasing as much as the increases
3 for PGW. When I go see my clients, the average raise is
4 between 1 and 3 percent. PGW's raises have been
5 consistently around 9, 10, 11 percent and any reduction --
6 and a client just showed me this, I saw them last week --
7 showed me any reduction in the bill. Her bill was \$159.
8 Her credit was \$1.11. What can that do? That can't do
9 anything. That can't even buy a cup of coffee.

10 So any kind of advertisement that PGW has to reduce
11 the rates does not in any way equate to the increases that
12 they're given, and looking at the salaries that people are
13 getting, their salaries aren't keeping up.

14 I heard on the news weeks ago that the general public
15 is negatively saving, and we have the worst saving habits
16 since the Depression.

17 At first glance, one might say that it is due to
18 overspending. I agree that people are consuming a lot.
19 However, my theory is that fixed costs have also risen to
20 the point that in order for people to take care of their
21 basic needs like electricity, heat, food and commuting to
22 work, they have to take money from their savings.

23 And this was reinforced at the housing seminar I
24 mentioned where many others attended, trying to see what
25 conservation measures are around that we may not have yet

1 tried. They show that the average American family spends
2 \$1,500 a year in heating bills and in the Northeast, due to
3 the cold, many of us probably spend more than the average.

4 PECO went up 42 percent in 2005 and 12 percent in
5 2006. Recently, the water rates have been rising as well.
6 So we, the consumers, have to conserve and pay heating bills
7 for many that are becoming unaffordable. What are PGW and
8 other utilities doing to examine their respective
9 operations, find monies, conserve on salaries and Board
10 fees, instead of trying to dump all their management
11 inefficiencies on consumers by way of increasing our rates?

12 Since I started writing this letter, when I was
13 writing this letter, nine children had to be sent to
14 Children's Hospital because they suffered from hypothermia,
15 and then I was at a tea one weekend and several people told
16 me about a woman and two children who died in a fire trying
17 to heat their home with an alternative heat source.
18 Something is wrong here. Utility bills are too high.

19 I used to be a bank examiner and currently am
20 treasurer for two community organizations. In each case, I
21 had to review operations, policies, procedures and recognize
22 and correct internal issues that needed to be redefined and
23 changed. That's what I see may be needed here.

24 The effect was improved procedures for management
25 decision making, lower risk for the organization and better

1 cash flow. PGW needs this kind of examination and/or
2 audit. Every organization can find there's room for
3 improvement.

4 To conclude, based on the above situations and
5 experiences, I am against the rate increase for PGW. PGW
6 must find a way to conserve its money just as you ask the
7 consumer to conserve. If not, then PGW and the PUC will be
8 directly responsible for more deaths due to hypothermia
9 and/or fires because of alternative heat sources that are
10 not safe. I will go even further to say that based on the
11 trend of low raises, disinvestment in savings and higher
12 fixed costs, PGW must get a handle on its management to
13 prevent the trigger toward a critically negative economic
14 trend.

15 JUDGE JONES: Thank you for your comments. Do you
16 wish to have your written statement as an exhibit into the
17 record?

18 THE WITNESS: Yes, I do, but I only have one copy.

19 JUDGE JONES: That's fine. Please hand your copy to
20 the court reporter.

21 JUDGE JONES: Are there any questions for this
22 witness?

23 MR. CLEARFIELD: No, Your Honor.

24 JUDGE JONES: The exhibit will be marked as Giles
25 Exhibit No. 1.

1 (Whereupon, the document was marked
2 as Giles Exhibit No. 1 for
3 identification and received in
4 evidence.)

5 (Witness excused.)

6 JUDGE JONES: Mr. Jasper Jones?

7 (Pause.)

8 MR. JONES: Good evening, Your Honors --

9 JUDGE JONES: Good afternoon.

10 MR. JONES: -- my name is Jasper Jones, and I
11 represent --

12 JUDGE JONES: Do you wish to provide sworn testimony?

13 MR. JONES: Yes.

14 Whereupon,

15 JASPER JONES

16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 JUDGE JONES: Please state your full name, spelling
19 your last name for the record.

20 THE WITNESS: My name is Jasper Jones. My last name
21 is spelled J-O-N-E-S.

22 JUDGE JONES: And where do you reside, sir?

23 THE WITNESS: I reside in Philadelphia. I'm here
24 representing UCBA Community Trust and the Center for
25 Economic and Social Justice, and I'm here to give testimony

1 that collaborates what's been said all day, which basically
2 is, PGW is a failed government socialist experiment and
3 represents mismanagement of the public trust because we are
4 still operating under the Pennsylvania Constitution, which
5 makes the citizens in charge of the use of their public
6 estate, and --

7 JUDGE JONES: Mr. --

8 THE WITNESS: -- we're in this situation --

9 JUDGE JONES: Mr. Jones, can I interrupt you? What
10 does UBC stand for?

11 THE WITNESS: United Block Captains Association.

12 JUDGE JONES: Okay. You may continue.

13 THE WITNESS: We are a 501(4)(c) -- (c)(4) business
14 league operation. And basically, following up again, PGW is
15 a failed socialist experiment because they are mismanaging
16 the public estate.

17 We got into natural gas because the gas combine and
18 the finance people lowered the price of natural gas below
19 the cost of manufacturing synthetic gas.

20 When that occurred to be improper management, they
21 had to go to natural gas. We are now in the peak oil.
22 Natural gas is never going to be getting cheaper than
23 manufacturing synthetic gas, so we need to go back to
24 manufacturing synthetic gas.

25 And because the financial markets have gotten so much

1 power, we need to change the structure of PGW to the
2 efficient finance structure of the day, which would be
3 customer stock ownership where the people will still own the
4 operation but they would have more direct input, and
5 employee stock ownership, so that they would have an
6 incentive to operate the company in an efficient manner,
7 meeting public objectives.

8 We've heard complaints from every sector --
9 landlords, elderly and business -- about the exorbitant
10 prices. It's because they don't have a strategic plan. It
11 was known 15 years ago that we were going to be in this
12 bind, yet no effort was made to restructure the way that
13 they do business like DuPont Company did. DuPont used to be
14 on petroleum and natural gas. They're now on plant oils, so
15 they're going to be in business. I can't say the same for
16 the City of Philadelphia. They're in such bad financial
17 shape, at least a \$275 million deficit.

18 So we need to come into the 21st century by going to
19 biomethane. Every day, the sewers division burns off at
20 least a million and a half cubic feet of methane gas. They
21 just burn it off like they used to do natural gas because
22 they didn't have a market for it.

23 Now that the worldwide price of natural gas is so
24 high, it now makes sense to restructure PGW back to
25 synthetic gas so that that billion dollars that we're giving

1 Big Oil, and that's who's getting that money, can stay in
2 Philadelphia and serve the citizens who are the owner,
3 operators and managers indirectly of the gas works.

4 So I made this sheet which has tips how to go about
5 this process, and what we need to do is to authorize
6 hearings in how to restructure PGW so that it will work for
7 the people. It no longer works for the people, and you've
8 gotten a truckload of testimony, so I don't have to go into
9 that today about that, expert testimony on how they snuck
10 through draconian laws that ripped the people off.

11 And the issue is incompetent management of the public
12 estate. We need to move to competent management of this
13 public estate. The technology to make this happen is
14 readily available and there are finance people who will give
15 us decent rates if this is a customer, an employee owned
16 operation for managing the transformation of it into a
17 synthetic gas production operation.

18 JUDGE JONES: Mr. Jones, thank you for your comments.
19 Do you wish your process sheet to be marked as an exhibit
20 for the record?

21 THE WITNESS: Yes.

22 JUDGE JONES: That will be marked as Jones Exhibit
23 No. 1.

24 (Whereupon, the document was marked
25 as Jones Exhibit No. 1 for

1 identification and received in
2 evidence.)

3 JUDGE JONES: You have one copy only?

4 THE WITNESS: I have one for you, the Judges, and one
5 for the --

6 JUDGE JONES: Oh, you have two copies?

7 THE WITNESS: Yes.

8 JUDGE JONES: Okay. Thank you.

9 THE WITNESS: Thank you for hearing my testimony and
10 I hope you authorize the hearings because we need this,
11 because our country, which is represented, exemplified by
12 what is going on in Philadelphia, is in the same shape as
13 Philadelphia because we have become stupid about the
14 management and development of cheap energy, what made
15 Philadelphia great.

16 And I'm a lifelong resident of Philadelphia. My
17 family came up here escaping the Trail of Tears, so we've
18 actually been here hundreds of years. Philadelphia was a
19 great manufacturing center because we had cheap energy,
20 which the gas company provided.

21 Bills for residents were \$5.00 a month at one time,
22 and we had an education system that worked. Keeping that
23 billion dollars in Philadelphia will allow us to begin to
24 educate our citizens so we move our public school system
25 back to school-to-work rather than school-to-prison, which

1 is what it is now. Thank you.

2 JUDGE JONES: Thank you, Mr. Jones.

3 MS. WEBB: Your Honor?

4 JUDGE JONES: Are there any questions for Mr. Jones
5 at this time?

6 MS. WEBB: Yes. I have one clarifying question, Your
7 Honor.

8 JUDGE JONES: Mr. Jones?

9 CROSS-EXAMINATION

10 BY MS. WEBB:

11 Q. I'm sorry, Mr. Jones. Thank you very much for
12 your testimony. I just wanted to clarify. You're a
13 residential customer of PGW?

14 A. I'm actually both a residential and a commercial
15 customer. My people that I represent are all business
16 owners and I also had a business.

17 Q. Okay. So your testimony today was both on
18 behalf of residential and business customers?

19 A. Customers, yes.

20 MS. WEBB: Thank you, sir.

21 THE WITNESS: You're welcome.

22 MS. WEBB: Thank you, Your Honors.

23 JUDGE JONES: You're welcome.

24 (Witness excused.)

25 JUDGE JONES: Are there any other people in the

1 audience that wish to testify?

2 (No response.)

3 JUDGE JONES: Hearing none, that concludes our effort
4 for this afternoon. We will continue to proceed on the
5 record at seven p.m. We are adjourned.

6 (Whereupon, at 3:47 p.m., the hearing was adjourned,
7 to be reconvened at 7:00 p.m., Monday, April 9, 2007, in
8 Philadelphia, Pennsylvania.)

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C E R T I F I C A T E

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

COMMONWEALTH REPORTING COMPANY, INC.

By: John A. Kelly

John A. Kelly,
Certified Verbatim Reporter

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