

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

ORIGINAL

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 :
Pennsylvania Public Utility Commission :
v. Philadelphia Gas Works : Docket No.
 Rate increase. : R-00061931
 : R-00061931
 Public Input Hearing. : C0001-C0067
 :
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Pages 359 through 406

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Philadelphia, Pennsylvania

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Monday, April 9, 2007

Met, pursuant to adjournment, at 7:02 p.m.

BEFORE:

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

ALSO PRESENT:

WENDELL HOLLAND, Chairman of the Commission

APPEARANCES:

DANIEL CLEARFIELD, Esquire
Wolf Block Schorr & Solis-Cohen LLP
213 Market Street, 9th Floor
Harrisburg, Pennsylvania 17101
(For Philadelphia Gas Works)

RICHARD A. KANASKIE, Esquire
P. O. Box 3265
Harrisburg, Pennsylvania 17105
(For Office of Trial Staff)

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APPEARANCES (Continued):

CHRISTY M. APPLEBY, Esquire
DARRYL LAWRENCE, Esquire
Fifth Floor, Forum Place
555 Walnut Street
Harrisburg, Pennsylvania 17101-1923
(For Office of Consumer Advocate)

SHARON E. WEBB, Esquire
Commerce Building
300 North Second Street, Suite 1102
Harrisburg, Pennsylvania 17101
(For Office of Small Business Advocate)

THU B. TRAN, Esquire
PHILLIP BERTOCCI, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, Pennsylvania 19102-2505
(For Action Alliance of Senior Citizens
and Tenant Union Representative Network)

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

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FORM 1

P R O C E E D I N G S

ADMINISTRATIVE LAW JUDGE CYNTHIA WILLIAMS FORDHAM:

Good evening. I'm Administrative Law Judge Cynthia Williams Fordham, and with me is Administrative Law Judge Angela Jones. We are the Law Judges assigned to conduct this public input hearing and to prepare a recommended decision for the Commission's review and approval.

I would also like to introduce the attorneys for the parties who are here with us tonight. To my right and your left is Dan Clearfield who is the counsel for PGW.

On the other side of Judge Jones is Thu Tran, who is representing Action Alliance of Senior Citizens of Greater Philadelphia and Tenants Union Representative Network. Beside her is Sharon Webb for the Office of Small Business Advocate. Next to her is Christy Appleby for the Office of Consumer Advocate, and on the end is Richard A. Kanaskie from the Pennsylvania Public Utility Commission Office of Trial Staff.

There are two types of rate proceedings for gas companies. There are base rate proceedings and gas cost rate proceedings. You received a blue bill stuffer entitled, notice of proposed rate increase. That's regarding this particular proceeding.

Base rate proceedings address the amount that you pay for your customer charge and the gas you consume. As you

1 know, this case is about PGW's proposed rate increase
2 designed to produce approximately \$107 million in additional
3 annual revenue which is an average increase of approximately
4 11 percent. PGW is asking the Commission for permission to
5 increase your distribution charge. Recently, you received a
6 green bill stuffer entitled, notice of proposed gas cost
7 rate decrease. This relates to the gas cost rate
8 proceeding. That is being handled by another Judge, so
9 that's not the same proceeding as this.

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

14 By order entered February 8, 2007, the Commission
15 started an investigation to determine whether the proposed
16 tariff filing and the supporting data indicating the
17 proposed changes in rates, rules and regulations are
18 unlawful, unjust, unreasonable and contrary to the public
19 interest. In addition, the investigation includes
20 considering whether the company's existing rates, rules and
21 regulations are reasonable. Pursuant to 66 Pa. C.S. Section
22 1308(d), the Commission suspended the proposed supplemental
23 tariff filing until September 20, 2007 unless otherwise
24 directed by Commission order. On March 5, 2007, PGW
25 supplemented its tariff filing to extend the suspension to

1 September 28, 2007. The case was assigned to the Office of
2 Administrative Law Judge for prompt scheduling of hearings
3 and for issuing a recommended decision.

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

12 Action Alliance of Senior Citizens of Greater
13 Philadelphia and Tenant Union Representative Network filed a
14 formal complaint on January 26, 2007. The Philadelphia
15 Industrial and Commercial Gas Users Group filed a formal
16 complaint on February 5, 2007.

17 The following filed petitions to intervene on the
18 following dates: PECO Energy Company on February 7th;
19 Interstate Gas Supply, Inc. on February 15th; the
20 Philadelphia Housing Authority and School District of
21 Philadelphia on February 16th; the Hess Corporation on
22 February 22nd; and the Archdiocese of Philadelphia on March
23 9th. No objections were received to the petitions to
24 intervene and all of the petitions were granted. All of the
25 parties mentioned above have been affirmed as active parties

1 to this proceeding and are working to develop testimony and
2 exhibits to be presented at the formal evidentiary hearings.

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

11 This public input hearing is the third of four
12 sessions scheduled for this rate case. The first hearing
13 was held at the Dorothy Emanuel Recreation Center on March
14 26th. The second one was held at the George Washington High
15 School on March 28th. Earlier today we held a public input
16 hearing in this room at 1:00 p.m. and this is the last one
17 at 7:00 p.m. The hearings to take technical evidence will
18 be held from Monday, May 21st through Thursday, May 24th in
19 the Philadelphia State Office Building.

20 Before these hearings, the parties will submit their
21 testimony in writing and at the hearings the witnesses who
22 submitted testimony will be cross-examined. The parties
23 will file main briefs on June 12th. Reply briefs are due on
24 June 21st. Our recommended decision is due by late July.
25 The parties will be able to file written exceptions if they

1 do not agree with the recommended decision. The Commission
2 will review the recommended decision, the evidence in the
3 record and any exceptions that are filed and enter a final
4 order.

5 JUDGE JONES: Good evening and thank you for coming
6 to this last public input session. The purpose of this
7 public input hearing is to hear from you, the public,
8 regarding PGW's existing and proposed rates and services.

9 The Commission's policy regarding public input
10 hearings gives you three options. One, you may testify
11 formally under oath or affirmation and be subject to cross-
12 examination. Swear or affirm that your testimony is the
13 truth. The testimony will be recorded by the court reporter
14 seated over here to my right, your left, and will be
15 reviewed by the presiding officers as well as all of the
16 active parties sitting here before you.

17 Second, you may make an unsworn or unaffirmed
18 statement. It will be off the record and not subject to
19 cross-examination. The court reporter will not transcribe
20 your statement and the judges nor the parties will not
21 consider your testimony.

22 Third, you may provide information to attorney from
23 the Commission's Office of Trial Staff, Mr. Kanaskie, to my
24 far left, or the Office of Consumer Advocate, Ms. Appleby,
25 next to Mr. Kanaskie, on my far left. They will consult

1 your information and at their discretion use it possibly for
2 hearings at a later date.

3 The court reporter is going to transcribe everything
4 that is said, so please remember that you cannot talk over
5 another person. Two people cannot talk at once. Also,
6 during this hearing, please turn off all cell phones or set
7 them on vibrate so as not to interrupt any witness or
8 counsel who is speaking.

9 To allow as many of you as possible to participate,
10 we may have to impose time limits. Please keep your remarks
11 concise and to the point. If someone before you has said
12 what you were going to say, you can simply say you agree
13 with that person and what they said.

14 JUDGE FORDHAM: At this time, we will start with --
15 excuse me. Before we start with that, I do want to
16 acknowledge the presence of our Chairman, Chairman Wendell
17 Holland. We will now start the testimony -- oh, I'm sorry.
18 Before we start the testimony, I will give the attorneys the
19 opportunity to talk and explain to you what their purpose is
20 here tonight, starting with Dan Clearfield.

21 MR. CLEARFIELD: Thank you, Your Honor. I thought
22 Councilman Rizzo told you to cut me out.

23 (Laughter.)

24 MR. CLEARFIELD: Hello, everyone. My name is Dan
25 Clearfield. I'm regulatory counsel for PGW. Thank you all

1 for coming. With me tonight are several employees and
2 officials of PGW. There's two customer service
3 representatives way back in the back there, if you want to
4 raise your hand. If you have billing questions, issues
5 specific to your service, please feel free to go up to them
6 either during the hearing or at a break and discuss it with
7 them.

8 Also we have the director of communications for PGW,
9 Doug Oliver, right here in the middle here, and I'm going to
10 turn it over to Doug so that he can say a few words on
11 behalf of the company.

12 MR. OLIVER: Good evening, everyone. I'll be brief,
13 but I just wanted to take this opportunity to thank
14 everybody for coming out. This is a very important process,
15 part of the process in the deliberation of PGW's base rate
16 request.

17 This is the fourth one that the PUC has had, and
18 obviously there's a common theme, and that is that increases
19 in living expenses are painful, and a lot of people aren't
20 quite sure how they're going to deal with it.

21 I want to assure everyone that PGW did not enter into
22 this proceeding lightly. There was a lot of discussion
23 about this beforehand and PGW did consider how our customers
24 might have to deal with this. It doesn't present any easy
25 answers for anyone, but it's not something that the company

1 takes lightly whatsoever.

2 Just for a point of clarification, I just want to
3 reiterate something that Judge Fordham said, that there's
4 two types of rate proceedings. There's increases all the
5 time, increases and decreases, and you may be familiar with
6 the cost of gas going up and down. What we're here about
7 today is the base rate increase, and that's something that
8 PGW hasn't increased since 2002.

9 Again, it doesn't make anybody feel any better
10 because it's still an increase, but at the end of the day, I
11 just thought it was important to point out that distinction.

12 Tonight we are here to hear from you. This is,
13 again, very important. It's not lip service, so we
14 encourage everyone who has something to say, whether on the
15 record or not, to make your voice heard because they'll take
16 it into consideration as they evaluate our request.

17 In the meantime, we do have customer service
18 representatives here tonight. I'll be here till the end of
19 the night, so if you have questions that you want answered,
20 we'll be more than happy to meet with you and answer those
21 questions. Thank you again for coming out tonight. We
22 don't take it lightly. Thank you.

23 JUDGE FORDHAM: Thank you. Next, Ms. Tran?

24 MS. TRAN: Good evening. Thank you for coming out
25 tonight. My name is Thu Tran. I'm here with Phillip

1 Bertocci. We're both lawyers with Community Legal Services
2 and we represent Action Alliance of Senior Citizens and
3 Tenant Union Representative Network.

4 We're opposing PGW's request for a base rate increase
5 because PGW should improve its quality of service to its
6 customers before it gets a rate increase. We encourage all
7 residential customers to come forward and provide sworn
8 testimony for the record.

9 Please don't think in any way that this is a foregone
10 conclusion that a rate increase will happen. This is your
11 time to provide testimony regarding experiences with PGW and
12 about how PGW can improve its customer service.

13 The quality of PGW's service is an important issue in
14 this case. PGW has one-fifth of all the gas customers in
15 the state, but it shuts off more than half of the customers
16 that are shut off in the state. A rate increase will cause
17 even more people to be shut off and go through the winter
18 without heat. PGW should make sure that it takes measures
19 to ensure that this shutoff trend doesn't continue or become
20 worse with the rate increase.

21 It is an indication of poor service when PGW will not
22 work with its customers, its elderly customers or customers
23 with sick people or young children in the household to make
24 reasonable and affordable arrangements to make sure that
25 customers aren't going through the winter without heat.

1 Now, the PUC has the power to authorize much less of
2 an increase than has been requested or no increase at all or
3 even lower rates based on the evidence in this case, and
4 your testimony is part of that evidence, so please come
5 forward and provide testimony. Thank you.

6 JUDGE FORDHAM: Thank you. Ms. Webb?

7 MS. WEBB: Thank you, Judge.

8 Good evening, everyone. Thank you for coming out.
9 My name is Sharon Webb and I'm here on behalf of the Office
10 of Small Business Advocate. Our office represents the
11 interests of business customers and reviews the process,
12 works before the Commission and courts and agencies to
13 evaluate the impact of proposed filings such as PGW's on
14 behalf of business customers.

15 We have filed a formal complaint in this proceeding
16 and are evaluating it. Tonight, though, is your opportunity
17 to speak and present your issues, and it's very important.
18 We have filed one round of testimony. We have more to go,
19 and your information will be helpful to us in formulating a
20 position. I encourage you to testify under oath so that we
21 can in fact use that information.

22 I'll stick around after the hearings if anybody has
23 any questions or specific issues, but this is your time.
24 Thank you again for coming.

25 JUDGE FORDHAM: Thank you. Ms. Appleby?

1 MS. APPLEBY: Good evening. My name is Christy
2 Appleby and I'm an attorney with the Office of Consumer
3 Advocate. Tonight I also have with me Attorney Darryl
4 Lawrence.

5 The Office of Consumer Advocate is a state office.
6 Our job is to represent the interests of utility consumers,
7 in particular residential consumers, in matters involving
8 Pennsylvania's public utilities.

9 I do have brochures outside with me that describe our
10 office a little bit more and its mission and functions, if
11 you're at all interested.

12 Please feel free to talk to either myself or Darryl
13 if you have any questions after the hearing. We'd be happy
14 to stay as long as you need in order to talk to you.

15 Since this case was filed, our office has been
16 working along with a team of utility experts in order to
17 thoroughly examine the increase in rates that PGW has
18 requested to determine whether any of the claims may be
19 overstated.

20 Last Friday, our office filed direct testimony in
21 this case with our recommendations. We will continue to be
22 an active participant in the technical evidentiary hearings
23 that will be held later in May and we will present our
24 recommendations formally to the Public Utility Commission.

25 It is our goal to recommend to the Administrative Law

1 Judges and to the Commission that the company's rates be set
2 as low as reasonably possible.

3 The purpose of this evening's hearing, though, is to
4 hear from you, the members of the public. We want to hear
5 your opinions and your concerns. I do encourage anyone here
6 to please testify under oath. I also encourage to speak
7 with us after if you have any questions at all. We will be
8 filing briefs in this case, and your testimony could be very
9 helpful to us in doing that.

10 Thank you again for coming out this evening. We do
11 appreciate it and your comments are very important to us and
12 they do matter. I look forward to hearing your comments
13 tonight. Thank you.

14 JUDGE FORDHAM: Thank you.

15 Mr. Kanaskie?

16 MR. KANASKIE: Thank you, Your Honor.

17 Good evening, ladies and gentlemen. My name is Rick
18 Kanaskie. I'm a prosecutor with the Commission's Office of
19 Trial Staff. I'm pleased to have with me this evening the
20 Bureau Director and the Chief Prosecutor of the Commission,
21 Mr. Johnnie Simms.

22 The Office of Trial Staff is best described as an
23 independent bureau within the Commission. Our views in this
24 proceeding are not those of the Commission. We've
25 intervened in this proceeding, as we do in all matters

1 involving rates, to formulate our own opinions, to formulate
2 what we feel is in the best interest of the ratepayers as
3 well as the company.

4 We were formed in 1986 by the Legislature and charged
5 with protecting the public interest, a charge we take very
6 seriously. This public interest charge includes the
7 obligation to ensure that the company has sufficient funds
8 to provide safe and adequate service, and also to ensure
9 that the rates charged to customers are just and reasonable.

10 A common theme in every rate case is the phrase "just
11 and reasonable." That's our role in our proceeding, is to
12 ensure that rates remain just and reasonable.

13 We have a team of experts. We have engineers. We
14 have financial analysts. We too have filed testimony
15 outlining our position, our view of what we feel would be an
16 appropriate award in this proceeding if any.

17 But with every proceeding, that's only part of the
18 total package. It's data. We've analyzed it. We've formed
19 an opinion based on calculations. What's very, very
20 important if not more important is the impact on ratepayers,
21 and this is where proceedings such as this public input
22 hearing are very valuable so that we can get your input, so
23 that we can hear how it impacts you.

24 As the Judges mentioned and counsel has indicated,
25 there's a couple different ways to do it. You can talk to

1 us after the proceeding. You can come up and make a
2 statement off the record or, as others have encouraged and I
3 would too, you can be sworn in and have your statement
4 included with the record. It will be referred to by the
5 parties in the proceeding.

6 Thank you for coming out this evening. We look
7 forward to hearing from you.

8 JUDGE FORDHAM: Thank you.

9 We're going to start tonight's proceeding's testimony
10 with Senator Anthony Hardy Williams.

11 JUDGE FORDHAM: Sir, would you like to give sworn
12 testimony?

13 SENATOR WILLIAMS: I would.

14 JUDGE FORDHAM: Please raise your right hand.

15 Whereupon,

16 ANTHONY HARDY WILLIAMS

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

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

21 THE WITNESS: My name is Anthony Hardy Williams, and
22 my address is 6630 Lindberg Boulevard.

23 JUDGE FORDHAM: Thank you. You may proceed, sir.

24 THE WITNESS: Thank you.

25 Good evening. I am State Senator Anthony Hardy

1 Williams, as I stated. I represent the 8th Senatorial
2 District, which is Philadelphia County and Delaware County,
3 respectively. Let me thank the Judges for conducting this
4 hearing. I would also like to thank PUC Chairman Wendell
5 Holland for his presence here and the outstanding job that
6 he and his staff are doing at the PUC, which clearly is one
7 of the most thankless jobs in the State of Pennsylvania.

8 I'm here to discuss three basic issues. Let me state
9 at the outset, PGW is Philadelphia's number one energy
10 issue. I'm here to lend my voice to those who, like me,
11 oppose this rate increase.

12 This cold spell over the Easter holiday helped to
13 remind us of how brutal winters can be. I'm involved in
14 this case because of the huge impact this rate increase
15 would have upon the budgets of low, fixed and modest incomes
16 in Philadelphia.

17 The record shows that while the company states that
18 this is just a 10 percent increase, in reality you should
19 understand that this increase is really only an increase
20 connected with the delivery charge.

21 So if you add a \$2.00 increase in your gas cost also
22 clear down the line, that is going to be on top of the 40
23 percent increase that you have in the delivery charge.

24 Second, I believe that PGW should be sold and as
25 such, I have questions that I would like to be addressed in

1 the proceedings by the parties the Judges of the PUC named.

2 In view of its history, can PGW be reasonably
3 expected to furnish and maintain adequate, efficient, safe
4 and reasonable service and facilities in the future,
5 particularly in light of the state of its main replacement
6 program?

7 Are there capable acquirers who are financially,
8 managerially and technically capable of acquiring and
9 operating PGW in compliance with applicable statutory and
10 regulatory standards?

11 Will the rates charged by the acquiring capable
12 entity to its pre-acquisition customers increase
13 unreasonably because of its acquisition?

14 I would further be interested in examining the
15 feasibility of the company under new management, the
16 feasibility of entering into a contract with another public
17 utility or management or service company to operate PGW;
18 whether a receiver should be appointed to assure provisions
19 of adequate, efficient, safe and reasonable services and
20 facilities to the public; the benefit and/or possibilities
21 of the receipt of or verifiable commitment to receive funds
22 from federal, state or local government or from private or
23 public entities sufficient to place PGW on sound financial
24 footing for both operating and capital expenses, enabling it
25 to maintain adequate, efficient, safe and reasonable

1 services and facilities; and, what expenditures may be
2 necessary to make capital and other improvements to the
3 company to ensure adequacy, efficiency, safety,
4 reasonableness or compliance with applicable statutory and
5 regulatory standards for utility services.

6 I question whether PGW has improved sufficiently
7 since the last rate increase in 2003. Just a bit of
8 history. In 2004, PGW urged the state Legislature and the
9 PUC to help them improve their financial conditions by
10 tightening up significantly collection practices which were
11 too lenient, particularly on those customers who could
12 afford to pay their bills and did not.

13 And I've got to -- I mean, from my text, I want to be
14 very clear, that was a very dividing and divisive
15 conversation that we had. It was clearly cast as those who
16 have versus those who do not have.

17 I was one of the ones who voted for it because I
18 believed that PGW was attempting to make sound fiscal
19 decisions, but unfortunately, as this testimony will bear
20 out, the conclusion of that is not what has happened.

21 PGW argued strenuously to the Legislature that it
22 could become financially strong in four years' time if the
23 legislation commonly called Chapter 14 or Act 201 were
24 enacted, with supplemental state fundings for LIHEAP,
25 additional cost cutting and enrolling more low-income

1 customers on PGW's customer assistance program, CRP.

2 Armed with the collection tools afforded by Chapter
3 14 legislation, PGW is now collecting 96 cents of every
4 dollar billed, which is up from the historic rate of 87
5 cents to 92 cents.

6 Moreover, there are more customers on CRP now than
7 ever before, about 76,000, and the state did finally
8 appropriate about \$20 million in funds to supplement LIHEAP
9 last year.

10 But while collections may have increased, the debt
11 has not improved and the LGN project, which was estimated to
12 give another \$25 million to PGW, went nowhere. Yet we are
13 now here three years later, after the passage of Chapter 14,
14 and the company is seeking an increase of \$100 million. The
15 citizens of Philadelphia cannot afford this and deserve
16 better.

17 Third, I am told the company is proposing a
18 decoupling charge. As a member of the Senate Energy
19 Environmental Committee, I am concerned about this fee.

20 First, the literature details that this charge does
21 not reward consumers for conserving. Second, when a similar
22 charge was proposed in northwestern Pennsylvania, consumers
23 were outraged, demonstrated their displeasure, and the
24 company, National Fuel Gas, withdrew from implementing this
25 proposal.

1 If it was so bad for the people in and around Erie,
2 why should it be forced upon the citizens of Philadelphia
3 where the rate of low-income customers is much higher and
4 people are doing all that they can do to conserve?

5 Nationwide, I am informed that there is no wide
6 acceptance of this charge. This charge as been rejected in
7 as many states where it has been accepted.

8 And before I conclude, let me continue my role as a
9 member of the Senate Environmental Committee. My question
10 to the counsel from the Office of Consumer Advocate: I
11 notice from your mission and from your opening statement
12 that the goal of the OCA is to make sure that the company's
13 rates be set as low as possible and the application is just
14 and reasonable. I applaud that.

15 What I question is your office's position of
16 environmental costs that will be additional costs charged to
17 ratepayers to support renewable energy development projects.
18 Here in Philadelphia, we don't have the development of
19 projects that many others have around the state,
20 particularly in farm regions. These additional costs only
21 make our unaffordable bills even less affordable.

22 As I close, let me reiterate. I want to thank all of
23 you for taking this time and coming here to participate in
24 an issue that is really critical to the City of
25 Philadelphia.

1 Utility rates are one of the most fundamental
2 expenses that we have. We must have a way to make
3 reasonable rates affordable.

4 I want to comment on what had been talked about
5 before I conclude, and that the average cost is about \$160
6 of -- this rate increase would in effect provide an average
7 cost of \$160 per person, which totals almost \$2,000 a year.

8 And I can only use this example. My mother is a
9 retired public school teacher. She's married and her
10 husband works, and they have an adequate income, but they
11 have a fixed income.

12 And I will tell you that while they're helping their
13 grandchildren get to college, it is becoming an increasing
14 strain to keep their two story home because of these costs.

15 So if we're talking about a retired public school
16 teacher, a semi-retired federal judge who are straining to
17 keep up with costs and this \$160 that they're complaining
18 about, I cannot imagine the majority of Philadelphians who
19 live in neighborhoods, unfortunately fall below the poverty
20 limits, cannot simply manage this process.

21 Other considerations than simply passing it on to the
22 customer, we have to come up with answers. Customers,
23 consumers and frankly Philadelphia sits on the precipice of
24 disaster if you don't resolve this issue of the debt of PGW
25 without a rate increase.

1 You have to come to some hard, fast answers to a very
2 difficult, challenging question, and that is, what do we do
3 with PGW at its current state. Thank you very much.

4 (Applause.)

5 JUDGE FORDHAM: Are there any questions or comments
6 for the Senator?

7 (No response.)

8 JUDGE FORDHAM: If not, Senator, would you like your
9 comments to be entered into the record?

10 THE WITNESS: I do. I want to have -- this is not
11 the draft I want to leave. I want to return and provide a
12 more -- this was typed at the last minute, so I'm going to
13 make sure it's more properly prepared.

14 JUDGE FORDHAM: Okay. We will mark it Senator
15 Williams Exhibit 1 and we will receive it into evidence when
16 you submit it.

17 (Whereupon, the document was marked
18 as Senator Williams Exhibit No. 1
19 for identification, to be received
20 in evidence upon receipt.)

21 JUDGE FORDHAM: Thank you very much.

22 (Witness excused.)

23 JUDGE FORDHAM: The next witness is Councilman Frank
24 Rizzo, and I would note that the councilman has been at all
25 four of the public input hearings, and we'd like to thank

1 him for that.

2 Whereupon,

3 FRANK RIZZO

4 having previously been duly sworn, testified further as
5 follows:

6 DIRECT TESTIMONY

7 THE WITNESS: Thank you, Judge Fordham and Judge
8 Jones and all of you here this evening and all of you that
9 have come out to participate in this proceeding.

10 Judges, just for a moment, I digressed this afternoon
11 from the script and I want you to know that already I have
12 had positive feedback from the management of PGW. They got
13 right on the issue and agreed with my remarks, so I'd like
14 to put that on the record and thank Mr. Oliver and the
15 gentleman from PGW.

16 JUDGE FORDHAM: Thank you.

17 THE WITNESS: Good evening. I am Philadelphia City
18 Councilman-at-Large Frank Rizzo. Thank you for this
19 opportunity to testify on this very important issue, a
20 proposed rate increase of \$100 million.

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

24 However, the dilemma is that PGW is a municipally-
25 owned in company in a city where 25 percent live in poverty.

1 It is simply not fair to place the burden of customers who
2 do not pay their bills on those who do.

3 In fact, just last week, I voted for a resolution to
4 put the issue on the ballot as a referendum to urge the PUC
5 not to increase rates. I propose two alternative plans:
6 first, spread the burden throughout the rest of the
7 Commonwealth; and second, increase state funding of LIHEAP,
8 the home energy assistance program.

9 Since I am a member of City Council at large, I
10 represent all the neighborhoods of the City of Philadelphia.
11 And I again thank you for recognizing my participation in
12 all of the proceedings. This is a very, very important
13 issue to me, and again, thank all of you and thank all of
14 you.

15 JUDGE FORDHAM: Thank you very much.

16 (Applause.)

17 JUDGE FORDHAM: We would note that the Councilman's
18 written remarks have been entered into the record as Rizzo
19 Exhibit 1.

20 THE WITNESS: And also, Judge, I'd like to mention
21 that one of my staff -- I have to run off to another event
22 -- Frank Alioto, my director of constituent services, is
23 here to represent me for the rest of our hearing.

24 JUDGE FORDHAM: Thank you very much.

25 THE WITNESS: Thank you.

1 (Witness excused.)

2 JUDGE FORDHAM: The next witness will be James Royal.
3 Mr. Royal, would you like to give sworn testimony?

4 MR. ROYAL: Yes, I do.

5 JUDGE FORDHAM: Please raise your right hand.
6 Whereupon,

7 JAMES ROYAL

8 having duly affirmed, testified as follows:

9 DIRECT TESTIMONY

10 JUDGE FORDHAM: Would you state your last name,
11 spelling your last name and your address for the record,
12 please?

13 THE WITNESS: My name is James Royal, R-O-Y-A-L. My
14 address is 3121 West Norris Street, Philadelphia, PA, 19121.

15 JUDGE FORDHAM: And sir, what is your occupation?

16 THE WITNESS: I'm a minister.

17 JUDGE FORDHAM: And are you a PGW customer?

18 THE WITNESS: Yes.

19 JUDGE FORDHAM: You may proceed.

20 THE WITNESS: Thank you. I come this evening to try
21 to change the direction of the PGW. I believe that it's
22 time to change how we produce gas in the city and the county
23 of Philadelphia.

24 I think we need to move to hydrogen as an alternative
25 to fossil fuel, which will in return reduce the average bill

1 by a third -- excuse me, by 33 percent, a third of whatever
2 people are paying now.

3 With everything that has gone on up to this point,
4 many of the people that I talk to think things are going to
5 go on as usual. There may be a little increase, there may
6 be a big increase, there may be a new program, there may be
7 a cut in service, and some other unforeseen thing that might
8 befall the user.

9 But I believe it's time to change it. The debt
10 service and all the other problems can be worked out. I
11 also believe that if we move to create consumer stock
12 ownership of the gas company -- I'm opposed to any sale of a
13 fixed asset.

14 I'm 63 years old and I remember when we used to have
15 coal. We used to have to go and pick out coal in the street
16 and we used to have to sift through the ashes the next
17 morning to get those that didn't fully burn.

18 And so when we got to a point where wood and coal was
19 not the answer, now we have got to a place where we are
20 fixed by the gas company. And therefore, we need to change
21 from what we've done in the past.

22 We need consumer stock ownership of the gas company
23 and also, I'd say at some point in the near future we're
24 going to talk about water, also.

25 If you sell off the assets of the city, then the

1 neighborhoods where we used to live no longer become
2 neighborhoods.

3 There has not been, to my knowledge, any reference to
4 how we would be benefited by the sale of the gas company or
5 the continued use as it is going now.

6 So I propose these things to the Judges, to the
7 technical people, that we find a better way. And we do have
8 other people on the team that will come in and do all the
9 technical talk, but I'm just talking about what works.

10 If I go pay my gas bill, I have gas. If I don't, I
11 won't. There was a time in our country when all you had to
12 do was pay your taxes because you would dig your own well
13 for your water. You could raise your chickens and your cows
14 and grow vegetables in the garden and fix your own house.

15 But now, if we cut off the gas, we can't really burn
16 a fire any more. I remember we used to rake up the leaves
17 and burn them in a pile, but all of a sudden, here come the
18 law.

19 We used to go out in the park and get that old good
20 spring water in a jug. It was ice cold. But now, all of a
21 sudden, it got contaminated. Here come the bottles.

22 So I'm saying that we have to change what we're
23 doing. I think something the senator said, we have to make
24 some hard choices.

25 Well, the hard choices ought to be made in the

1 direction of the consumer. There's always a way to
2 reshuffle a deck to fix things, but when we are fixed out of
3 the process, there's nothing left to fix.

4 JUDGE FORDHAM: Are there any questions or comments
5 for this witness? Ms. Webb?

6 MS. WEBB: Yes, Your Honor. Thank you.

7 CROSS-EXAMINATION

8 BY MS. WEBB:

9 Q. Thank you so much for your comments, Mr. Royal.
10 Are you testifying -- are you a residential customer and
11 also is your congregation a customer of NFG?

12 A. Oh, yes.

13 Q. I mean, PGW.

14 A. I know what you meant.

15 Q. I apologize.

16 A. No, they don't -- some of them cook on charcoal.
17 People are being forced to cook on charcoal that don't have
18 gas. I understand.

19 Q. Thank you.

20 MS. WEBB: Thank you.

21 JUDGE FORDHAM: Thank you very much.

22 THE WITNESS: You're welcome.

23 (Applause.)

24 (Witness excused.)

25 JUDGE FORDHAM: The next witness -- I can't read the

1 first name -- begins with a G. The last name is Tolli.

2 MS. TONELLI: Giovanna Tonelli.

3 JUDGE FORDHAM: Giovanna. Good evening. Would you
4 like to give sworn testimony?

5 MS. TONELLI: Yes, I would.

6 JUDGE FORDHAM: Please raise your right hand.

7 Whereupon,

8 GIOVANNA TONELLI

9 having been duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 JUDGE FORDHAM: Would you state your name and please
12 spell both names for us, please?

13 THE WITNESS: Yes. Giovanna, G-I-O-V-A-N-N-A,
14 Tonelli, T-O-N-E-L-L-I.

15 JUDGE FORDHAM: Thank you. And your address, please?

16 THE WITNESS: 905 Mountain Street in Philadelphia.

17 JUDGE FORDHAM: And are you a PGW customer?

18 THE WITNESS: Yes, I am.

19 JUDGE FORDHAM: And what is your occupation?

20 THE WITNESS: I'm a social worker.

21 JUDGE FORDHAM: Thank you. You may proceed.

22 THE WITNESS: Thank you. I wanted to speak to the
23 psychological abuse of PGW to their way of running fear and
24 intimidation with this new -- just the way they've been
25 collecting their bills. People are feeling very, very

FORM 1

1 threatened because if you don't pay your bill on the exact
2 moment that it's due, that they'll be out to cut you off.

3 And people have been very aware that throughout our
4 city, people have been without heat and running space
5 heaters and such and losing their lives.

6 And I would even mention that they run a lot of very
7 unpleasant ads, like in the summertime, they have photos in
8 the paper about people being on the beach and they ask, "Are
9 you enjoying your vacation? Well, don't forget you have to
10 pay your gas bill."

11 And I think it's been very un-human, the way they've
12 been dealing with fear and intimidation and really
13 psychological abuse of the people in the city.

14 (Applause.)

15 JUDGE FORDHAM: Does anyone have any questions or
16 comments for this witness?

17 (No response.)

18 JUDGE FORDHAM: Thank you very much.

19 The next witness is John Brazington. Good evening.

20 MR. BRAZINGTON: Good evening, Your Honor.

21 JUDGE FORDHAM: Would you like to give sworn
22 testimony?

23 MR. BRAZINGTON: I would.

24 JUDGE FORDHAM: Please raise your right hand.

25 Whereupon,

1 JOHN BRAZINGTON

2 having duly affirmed, testified as follows:

3 DIRECT TESTIMONY

4 JUDGE FORDHAM: Would you state your name and
5 address, please, and please spell your last name?

6 THE WITNESS: Sure. My first name is John, J-O-H-N,
7 Brazington, B-R-A as in apple Z as in zebra I-N-G-T-O-N. My
8 address is 5225 Church Road, Philadelphia, PA, and that's in
9 the Winfield section. I am employed as a teacher for the
10 Catholic Archdiocese of Philadelphia.

11 JUDGE FORDHAM: And are you a PGW customer?

12 THE WITNESS: Yes, I am.

13 JUDGE FORDHAM: You may proceed.

14 THE WITNESS: Thank you very much.

15 I am here to also applaud State Senator Hardy
16 Williams for his comments. I believe PGW does need to be
17 sold. It has not effectively and efficiently provided
18 services to the City of Philadelphia.

19 Services in the City of Philadelphia by PGW are
20 lacking in total regard for human services. Furthermore, I
21 agree with the previous speaker. Too many people in the
22 City of Philadelphia have turned to space heaters because
23 they have been unable to afford to pay their gas bills, and
24 because of this, there have been too many deaths in the City
25 of Philadelphia.

1 JUDGE FORDHAM: You may proceed.

2 THE WITNESS: Okay. First of all, I live in a -- I'm
3 a single woman. I live in a middle of the block row home.
4 I had my house winterized by PGW, thermostat and everything,
5 and still my bill last February was \$400. Last month it was
6 \$300. I don't understand how it keeps going up all the
7 time, every month like this. It's just beyond me.
8 Something needs to be done, looked at the rates or whatever.
9 And I just feel like I am literally raped by the gas company
10 and their prices. I don't know how I will continue to pay
11 for it.

12 JUDGE FORDHAM: Thank you.

13 Are there any questions for this witness?

14 (No response.)

15 JUDGE FORDHAM: Thank you very much, Ms. Simmons.

16 (Witness excused.)

17 JUDGE JONES: Rosa King?

18 (Pause.)

19 JUDGE JONES: Good evening.

20 MS. KING: Good evening.

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

22 MS. KING: Yes, I do.

23 JUDGE JONES: Please raise your right hand.

24 Whereupon,

25 ROSA KING

1 having been duly sworn, testified as follows:

2 DIRECT TESTIMONY

3 JUDGE JONES: Please state your full name, spelling
4 your last name for the record.

5 THE WITNESS: Rosa King, R-O-S-A, K-I-N-G.

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

7 THE WITNESS: Well, we're going to have an issue with
8 that. Are you talking about the one I was illegally evicted
9 from or the one I can't be in now?

10 JUDGE JONES: Where do you reside?

11 THE WITNESS: 729 North Holly Street.

12 JUDGE JONES: And are you employed?

13 THE WITNESS: Second floor. No, I'm not.

14 JUDGE JONES: And are you a PGW customer?

15 THE WITNESS: Yes, I am.

16 JUDGE JONES: You may continue with your testimony.

17 THE WITNESS: Okay. I have a gas bill over \$5,000
18 that's in my name and has been that way for years. The
19 thing about it is, at that resident, I was living there with
20 my children and we're all sickly. I am a mental health
21 patient. My children suffer from asthma and other health
22 issues.

23 And because of the defective heating system
24 underneath the landlord at which time we was an open case
25 with the Department of Human Services, my gas bill just kept

1 going up and up and up, and it shouldn't have been that way.

2 The heating system was out of order in the first
3 place, and because of that I had to have nasal surgery to
4 have nasal polyps removed from my nose.

5 And I have contacted the public utility company to
6 try to get this thing, this \$5,000 gas bill out of my name.
7 It has destroyed my credit. It has kept me and my children
8 from being able to go back into public housing, and I'm just
9 fed up with it. And I want something to be done about it.

10 I have, I bear the burden of proof from when my case
11 was open, how an attorney had wrote on my behalf to a judge
12 in family court, asking that that gas bill be like removed
13 from me because I was the sub-lessee under a program at the
14 time called Pathways Housing, at which they forced me to get
15 a gas bill in my name.

16 At 729 Holly Street, the landlord there was
17 confiscating all his utilities, which is how we ended up
18 evicted, because he first turned off the water services.
19 The gas probably was going to be an issue somewhere down the
20 line, though when I left there, the gas bill for that
21 apartment was like \$79 and I found out lately that even that
22 went up.

23 So what is PGW going to do? Because women and
24 children can't keep suffering like this, and it should not
25 be expected of me to pay \$5,196 for something that I should

1 have never been responsible for in the first place, when
2 those that was responsible for paying the gas bill stated on
3 the lease that I possess tonight were the subsidized housing
4 that was supposed to be paying that utility. That is my
5 question.

6 And women and children shouldn't -- if they're
7 already sick, their condition shouldn't get worse. Me and
8 my children have even suffered hypothermia because the gas
9 company felt it necessary to come off and shut off the heat.
10 They should have never really been in the house in the first
11 place, where though I had to get it cut back on for us to
12 have some kind of heat, or else we would have just died.

13 So, I mean, whatever PGW is thinking of, they need to
14 get some brand new thoughts, some brand new thoughts. And
15 that's all I have to say.

16 JUDGE FORDHAM: Are there any questions for this
17 witness?

18 (Applause.)

19 CROSS-EXAMINATION

20 BY MR. CLEARFIELD:

21 Q. Mrs. King, have you spoken with the Consumer
22 Advocate or the PUC's Bureau of Consumer Services to try to
23 help you work through the problem?

24 A. I've contacted the public utility company on a
25 couple of occasions.

1 Q. Public Utility --

2 A. And they keep turning me away.

3 Q. Okay. Were you talking about the Public Utility
4 Commission?

5 A. Yes.

6 Q. Okay. It's possible that maybe the Consumer
7 Advocate's Office could also try to help you, and with them
8 working as your advocate, we can work with you to try to see
9 if we can't, if there's any way to resolve the problem.

10 A. Okay. Well, the problem --

11 Q. As an alumna of the OCA, I'm volunteering them.

12 (Laughter.)

13 A. Okay, that's great, because I don't feel like I
14 owe that. I know in my heart before God I do not owe that,
15 and it has really been disruptive to my life and my
16 children's life.

17 MS. APPLEBY: If you want to talk with Darryl
18 Lawrence here, he's from our office.

19 THE WITNESS: Okay.

20 MS. APPLEBY: And he can try to help you see if you
21 can get in touch with our office.

22 THE WITNESS: Okay. Thank you.

23 JUDGE JONES: Thank you, Ms. King.

24 (Applause.)

25 (Witness excused.)

1 JUDGE JONES: Mr. Spencer Osley, Sr.?

2 (Pause.)

3 JUDGE JONES: Good evening, Mr. Osley.

4 MR. OSLEY: Good afternoon -- good evening.

5 JUDGE JONES: Do you wish to testify under oath, sir?

6 MR. OSLEY: Yes, I do.

7 JUDGE JONES: Please raise your right hand.

8 Whereupon,

9 SPENCER OSLEY, SR.

10 having been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 JUDGE JONES: Please state your full name, spelling
13 your last name for the record.

14 THE WITNESS: Spencer Osley, Sr., Osley, O-S-L-E-Y.

15 JUDGE JONES: And your address, sir?

16 THE WITNESS: 4018 Aspen Street, Philadelphia,
17 Pennsylvania, 19104.

18 JUDGE JONES: And are you currently employed?

19 THE WITNESS: No, I'm mentally disabled.

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

21 THE WITNESS: Yes, I am.

22 JUDGE JONES: You may continue with your testimony,
23 sir.

24 THE WITNESS: I have a statement. First of all, I
25 would like to say to PGW is, if the citizens of Philadelphia

1 are already unable to pay their ongoing high gas bill, how
2 do you think that adding another big rate on their bill,
3 that they will be able to pay? That's one question.

4 And another thing is, in one month, I have
5 encountered a \$284.73 current charge, which I'm seeing
6 charges that's ranging from, starting at \$138.17 for
7 commodity charge, which I don't even know what half of these
8 rates or for or about, and it seems like there's a bunch of
9 rates that they're just adding on and accumulated on their
10 own. And I don't think it's fair because no one, they are
11 not telling what these rates mean or how do you all go about
12 getting them.

13 And I think we as people that have to pay these bills
14 should be able to have something in writing to tell us what
15 are these -- customer's charge, distribution charge, two of
16 them, distribution charge, and then I have two of the same
17 thing, you got a charge for weather normalization adjustment
18 and you have gas cost adjustments.

19 It's like, what are these adjustments? You have two
20 gas cost adjustments, and what are these? You're not
21 explaining to the people, to the ones, your clients, you
22 know, what does these rates and bills mean.

23 You're not telling -- you know, is there something
24 that you all can put in writing to explain to us? Because
25 to me it's like just -- we have to pay this and like you all

1 just thought of some digits to put on the bill, and then
2 saying we have to pay you.

3 MR. CLEARFIELD: Mr. Osley, the customer service
4 representatives in the back of the room will be happy to go
5 through each of those charges and explain what they're for
6 and how they're calculated, or you can talk to Mr. Oliver
7 who -- there he is. He sometimes moves around and I can't
8 find him, but there he is. He'll be happy to go through
9 them as well.

10 And there is literature that -- there are bill
11 inserts and pamphlets that you can ask for when you call the
12 customer service number for PGW and they will also provide
13 some explanation.

14 THE WITNESS: Why should I have to do that when it
15 should already come with the bill?

16 MR. CLEARFIELD: The thicker the bill, the more
17 expensive it is to mail it, so what they try to do is
18 provide the information when a customer requests it.

19 THE WITNESS: All right. Thank you.

20 (Witness excused.)

21 JUDGE JONES: Mr. Douglas, and I'm sorry if I -- I'm
22 sorry, Nicholas, and I'm sorry if I mispronounce your last
23 name. It looks like Cavangi.

24 MR. CARANGI: Carangi.

25 JUDGE JONES: Carangi. Good evening, sir.

1 MR. CARANGI: Good evening.

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

3 MR. CARANGI: Yes, I do, Your Honor.

4 JUDGE JONES: Please raise your right hand.

5 Whereupon,

6 NICHOLAS CARANGI

7 having duly affirmed, testified as follows:

8 DIRECT TESTIMONY

9 JUDGE JONES: Do you want to take the mic out so that
10 we can hear you?

11 THE WITNESS: Absolutely.

12 JUDGE JONES: Please state your full name, spelling
13 your last name for the record.

14 THE WITNESS: It's Nicholas Carangi, C-A-R-A-N-G-I.

15 JUDGE JONES: And your address, sir?

16 THE WITNESS: My address is 1713 Powderhorn Drive,
17 Newtown, Pennsylvania, 18940.

18 JUDGE JONES: And are you currently employed?

19 THE WITNESS: Yes -- oh, no, sorry. I'm a student at
20 Temple University.

21 JUDGE JONES: Okay. And are you a PGW customer?

22 THE WITNESS: Indirectly, yes, due to the fact that I
23 attend Temple University, whose tuition rates are affected
24 by the utility costs.

25 MR. CLEARFIELD: That would make anybody a PGW

1 customer who attended any public institution.

2 JUDGE JONES: Mr. Carangi, are you authorized by
3 Temple to testify here tonight?

4 THE WITNESS: I'm testifying as my sole self, not for
5 Temple.

6 MR. CLEARFIELD: Mr. Carangi, are you with any group?

7 THE WITNESS: I'm associated with Eastern Service
8 Workers, but I'm here as an individual concerned about this.

9 MR. CLEARFIELD: It's all right, if he wants to
10 testify, just so it's known --

11 JUDGE JONES: Are there any objections to Mr.
12 Carangi's testimony?

13 VOICE FROM AUDIENCE: Can I add something?

14 JUDGE JONES: No, you may not.

15 VOICE FROM AUDIENCE: Oh, I'm sorry.

16 JUDGE JONES: Hearing no objections --

17 MR. CLEARFIELD: I don't object --

18 THE WITNESS: And also, I mean, I lived in the city
19 last semester and I plan to live next semester. It was just
20 that I couldn't find affordable housing this semester, so I
21 kind of had a gap, so now I'm living at my --

22 JUDGE JONES: Go ahead, sir.

23 THE WITNESS: Thank you.

24 First thing, I would like to challenge the paradigm
25 that the rates are going up solely due to non-payers and

1 debtors. It's come to my attention in recent that investors
2 have bought and are buying up PGW bonds and many of these
3 are corporations and wealthy individuals who are in the
4 highest tax brackets. And some of these holders include,
5 you know, Imperial Bank of Canada, Shearson-Lehman, and
6 other private interests.

7 Now, the rate increase proposed is truly the result
8 of these interest payments promised to these bondholders and
9 as a result, you know, rates are continually increased.
10 This is not the first time, as I know, to meet these debts
11 which are, you know, now, what it is, \$74 million a year,
12 and these profits are being unnecessarily funneled into the
13 pockets of those who truly need them the least.

14 PGW is a municipally owned service whose
15 responsibility is truly to the citizenry, not to these
16 private holders, and the responsibility cannot be realized
17 if they're forced to pay back while they're interests are
18 truly due to the allegiance of private interests.

19 And I propose that the local government of
20 Philadelphia buy back the bonds and, you know, so as to
21 alleviate these debts and truly emancipate the citizenry of
22 Philadelphia from these constant rate increases which are
23 truly resulting from said debts. And that's all I have.

24 Thank you.

25 JUDGE JONES: Thank you, Mr. Carangi.

1 Are there any questions for Mr. Carangi?

2 (No response.)

3 JUDGE JONES: Do you have a written statement that
4 you wish to have admitted into the record?

5 THE WITNESS: I can bring you back one. When do you
6 need it by?

7 JUDGE JONES: That's okay. We would prefer to have
8 it now.

9 THE WITNESS: All right.

10 JUDGE JONES: Thank you for your testimony. You are
11 excused, sir.

12 (Applause.)

13 (Witness excused.)

14 JUDGE JONES: Ms. Audrey Taylor?

15 MS. TAYLOR: No, I didn't mean to write for speaking.
16 I'm not speaking.

17 JUDGE JONES: Thank you. Is there anyone else that
18 wishes to provide testimony tonight?

19 (No response.)

20 JUDGE JONES: Hearing none, we have reached the
21 conclusion of this session. We are adjourned. Thank you
22 for coming out.

23 (Whereupon, at 8:00 p.m., the proceedings were
24 concluded.)

25

C E R T I F I C A T E

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

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By: John A. Kelly

John A. Kelly,
Certified Verbatim Reporter

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