



CITY OF PHILADELPHIA
CITY COUNCIL

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**Statement Of Councilman-At-Large Frank Rizzo Before The
Pennsylvania Public Utility Commission Public Input Hearings
Mon., April 9, 2007 @ 1 pm – Philadelphia Community
College.**

Good afternoon, I am Philadelphia City Councilman-at-Large

Frank Rizzo. Thank you for this opportunity to testify on

this very important issue, a proposed rate increase of

\$100 Million.

I recognize the valiant effort by the current PGW

Management in dealing with PGW's financial crisis, the most

critical of which is their \$1 Billion Dollar Debt.

However, the dilemma is that PGW is a Municipally-Owned

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Company in a City where 25% live in poverty. It is, simply, not fair to place the burden of Customers who do not pay their bills on those who do.

In fact, just last week I voted for a Resolution to put the issue on the ballot, as a referendum, to urge the PUC not to increase rates. I propose two (2) alternative plans. First, spread the burden through the rest of the Commonwealth; and, Second, Increase State Funding of LIHEAP, [this is the Low- Income Home Energy Assistance Program].

Since, I am an At-Large Member of City Council, that means I represent the entire City. I will be at all of the PUC Hearings throughout the City.

Thank you very much.

W. CURTIS THOMAS, MEMBER

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Testimony

Of

State Representative W. Curtis Thomas

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RE: Opposition to PGW Rate Increase

To the Public Utility Commission, thank you for arranging the forum for public input on this critical topic. My name is W. Curtis Thomas. I represent the 181st Legislative District in Philadelphia. I am here today to speak not only as a legislator but as the representative for the residents of the 181st District; most of whom are Philadelphia Gas Works customers.

496,000 residential customers in Philadelphia rely on the services of Philadelphia Gas Works (PGW). Philadelphia Gas Works is the largest municipally-owned gas utility in the country. The utility also serves 19,000 industrial and commercial users.

The reason we are all here today is that PGW has proposed an increase in rates that affect its residential, commercial and industrial gas customers. I oppose this increase. PGW has the highest gas rates in the State of Pennsylvania. It has proposed to raise rates in all categories of

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service: residential, commercial and industrial by an average of 11% to generate an additional \$100 million in revenue. If the rate increase were to pass, residential customers would have to pay an additional \$160 every year. As you all know, Philadelphians have no choice when picking a gas company. All of us who live and have businesses in Philadelphia rely on PGW for natural gas service. The PGW increase will be detrimental to residents and businesses, especially low-income families, seniors and many others in the City who are struggling to make ends meet, by placing an additional financial burden on them.

The increase in rates will financially cripple Philadelphia residents, who are suffering now from high gas bills. The median household income in Philadelphia is \$32,573 and nearly 25% of our residents live below the poverty line. PGW states in a December 2006 press release about the rate hikes, that the increase is necessary to “cover certain operating expenses” and to “assure that the city’s natural gas system continues to remain safe, reliable and financially viable.” While raising the gas rates might help PGW to remain financially viable, the consumers who need gas to live will be moving towards financial destruction. At the end of 2006, PGW reported that over 9,000 premises had gas shut off without service restored to these properties. As evidenced by these ~~thousands of families without gas; many families in Philadelphia cannot pay or struggle to pay gas~~ bills at the current level. Any additional increase will bring families to the tipping point and into financial and personal despair.

In my office I have received countless constituent complaints from homeowners who have a gas bill larger than their mortgage note and often make the choice to pay gas or face mortgage foreclosure. Many residents choose to pay the gas bill, at the risk of losing their houses, because

without gas they cannot survive. I also receive calls from senior citizens who are in the same dilemma. Senior citizens are on a fixed income and cannot afford to pay one more cent on their gas bill because they just do not have the money.

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

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

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

Third, officials from the City of Philadelphia, the State and PGW must work together to try to develop means to keep the utility financially viable in the long-term. PGW has over \$1 billion in

debt. Policymakers need to address this debt problem now. Whether it is to craft a sale or merger of PGW or develop a solid financial plan, we all have the responsibility of maintaining quality utility services from a solvent company while reducing the financial burden on Philadelphia residents.

The following are my recommendations:

I strongly urge the PUC to reject in total PGW's request for an increase. I also recommend that PGW take the following steps to address its revenue shortage:

- 1. Return the excessive bonuses awarded to Top Executives during the 05-06 Fiscal year.**
- 2. Withhold recommended bonuses to Top Executives for the 06-07 Fiscal years.**
- 3. Utilize savings from elimination of the Philadelphia Gas Commission.**

I further recommend that the PUC undertake a study of possible available options for the sale of PGW to a more proficient provider of gas.

I am confident that the above savings represent more than enough revenues for PGW to deal with its expected operating loss.

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My name is Mohamed Mohamed and I have been a landlord and customer of PGW since 1985.

My contribution today will not solve all of the Gas Works problems but may help to smooth the relationship between the customer and the company with service as the keyword. Since you already have a monopoly on the product, service is more important than the product is. Therefore, I would like to address the quality of your service and your request for an increase and offer some ways I believe PGW can utilize this money to better serve the citizens of Philadelphia.

My first concern is the Customer Service Department of PGW that is open from 8 A.M. to 5 P.M. Customers are directed to stand in line at the Intake Counter where two representatives are on hand to take your name and the reason for your concern. Afterward, you sit down and wait for an hour or longer before your name is called. While waiting, if you walk around, you will see representatives sitting at their computers; playing chess or solitaire as customers wait for them to decide to do some work. With this kind of service, asking the taxpayers of Philadelphia to pay more money is an insult.

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

Additionally, since most people have cell phones, why can't PGW field employees contact the customer within two hours of their appointment to let them know the approximate time of their arrival or have the customer provide a number where they can be reached? To have someone lose a whole day's pay, with the cost of gas continuously going up, is insensitive and demonstrates a lack of respect to the citizens of Philadelphia who help to pay your salaries.

Another concern is one of, who pays the bill? When the tenant requests that their service is discontinued on a specific date and the company doesn't turn it off until five or ten days later or maybe never, who pays the bill? Obviously, the shut off date for the tenant indicated on their bill is the date they requested, but during the interim period when the gas remains on, who pays the bill? It is these inefficiencies that I find rob me of my rights as a customer and as a landlord.

I would also request better use of the curb shut off system. Instead of allowing months and months to go by before shutting the service off, the customer should be required to sign a consent form to terminate service if their bill goes unpaid for

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a maximum of 60 days unless arrangements are made to keep the service on. A follow-up should then be conducted to insure that the account remains in good standing.

As a result of these inefficiencies, I suggest hiring an independent Quality Control and Efficiency Expert to monitor the performance of PGW service employees. This would give PGW the control that it needs to provide quality service to the people of Philadelphia who are continually asked to pick up a bigger tab.

Also, if the Gas Company extends credit to a delinquent customer from one property to another, why is the landlord responsible for the tenant's delinquent bill from the other property, as well as the delinquent bill at the property the tenant is now renting, if the bill is not paid? Where is the tenant's responsibility in this?

Although the Landlord Cooperation Program is a wonderful opportunity for the Gas Company to partner with the landlord and the tenant, they should make sure that the line of communication remains open and that the landlord is properly advised of any delinquencies.

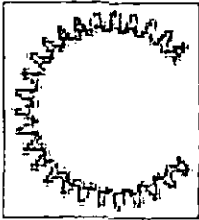
As it stands today, because of the Privacy Act, the landlord can not inquire into the status of the tenant's account. As a result, the landlord is left at the mercy of the tenant and the Gas Company.

A copy of the delinquent notice should be sent to the landlord who should have the right to pursue the tenant to pay the bill or proceed with the eviction process. Presently, the Gas Company does a poor job monitoring its delinquent accounts and seems to be passing its losses on to the landlords.

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

Finally, because of the Green House effect, we all have to work together to reduce the emissions problem. An example would be that, the Philadelphia Gas Works take this opportunity to promote energy efficient appliances, not as a way to increase their profit margin, but to use the purchase power of the company to pass the savings on to the customer at a lower cost. Another example would be to utilize the Service Department, when it is idle, to install these products at the minimum labor cost that the company could afford.

While I support the Union, it must act responsibly and understand that PGW is a public utility owned by the citizens of Philadelphia and that the citizens are its customers.



Action Alliance of Senior Citizens

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Marie Walz

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My name is Marie Walz. I am a 66-year-old retired technical writer and PGW customer who lives in Mt. Airy. I am here today to talk about my experiences with PGW, which are similar to those of my fellow Action Alliance members.

Like most Philadelphia seniors, I live on a fixed income and cannot afford a PGW rate increase. In fact, the current rates already severely strain my budget because my income disqualifies me for LIHEAP and because PGW discontinued its senior citizen discount in 2003. Reinstating this discount would be a big help to seniors.

Philadelphians pay higher gas rates than do people in most American cities. Before I moved here in 2002, I lived in Columbus, Ohio, where my highest gas bill was about \$180 in a very cold month. Last week I mailed PGW a check for \$418; for last month, which was much colder, I paid more than \$600. My house here is about the same size as my house in Columbus; only the gas rates are different – and the fact that I keep my thermostat just above 60 degrees Fahrenheit. And, by the way, after my first winter here, I replaced the older windows.

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

- PGW bills are confusing: My last bill starts with 1) supply charges, with two commodity charge lines at slightly different rates and goes on with 2) delivery charges: a partial customer charge (\$3.86 of \$12.00), two distribution charge lines at slightly different rates, and

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three cost adjustment lines. This bill continues with 3) a second supply charge with one commodity charge line and 4) a second delivery charge with the remainder of the \$12.00 customer charge (\$8.14), one distribution charge line, and the same three cost adjustment lines.

- Today I'm testifying against a possible increase in certain PGW rates, but last month's bill contained a notice about a rate *decrease* for certain other rates – with no reference to the increases we're talking about today. Why the confusion?
- PGW provides poor customer service. Philadelphia seniors often cannot get their questions answered or request the help they need. PGW customer service phone lines have long waiting times, and the lines at customer service centers are also lengthy (not everyone has a checking account). Why doesn't PGW staff its offices so that customers, especially seniors, won't have to wait so long?
- PGW does not deal well with the special needs of many senior citizens: medical conditions, for example, or issues about the death of a spouse. PGW has no special needs program, but PECO, in contrast, provides its special-needs customers with direct phone numbers. PGW gives out only the main customer service number and makes everyone deal with voice mail prompts – and then hope that the customer service rep they reach knows how to deal with their case.
- High PGW rates make it hard for low-income seniors to deal with gas bills that get higher and higher while their income remains the same. Sure, PGW sometimes must shut people off to make them pay their bills, but the company is unwilling to negotiate affordable payment agreements – PGW has an “all or nothing” policy – and quickly sends out shutoff notices when customers fall behind. At the very least, people who are eligible for LIHEAP should be reconnected. (PGW always complains that there isn't enough LIHEAP money, but each winter it turns up its nose at many grants because they don't cover the entire bill.)

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

Philadelphia's senior citizens deserve the dignity of warm, safe homes. Winter heat is a fundamental, life-essential service that should not cost as much as PGW now demands. If PGW bills rise even higher next winter, the results will be devastating for many senior Philadelphians.

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

Please reject PGW's proposed rate increase. Thank you.

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CONSUMER AFFAIRS

Room 116 - City Hall
Philadelphia, PA 19107
Phone: 215 686 7598

John F. Street, Mayor
Lance S. Haver, Director
Cell: 215 906 6230

My name is Lance Haver. I am the director of Consumer Affairs for the City of Philadelphia.

Let me start out with the obvious. Philadelphians have seen their gas bills skyrocket in the years since President Bush has taken office. The average gas bill in 2002-2003 was 900 dollars. This year it will be almost \$2000. At the same time the Federal Government has refused to tie the annual LIHEAP and Crisis grants to the price of heating oil or natural gas. The overwhelming majority of Philadelphia families have not seen their incomes increase to keep up with their utility bills. Forcing struggling families to pay more would make a bad problem worse and asking those who can keep up to keep paying more and more for those, who through no fault of their own cannot, is wrong.

The skyrocketing bills have been driven by the price of natural gas at the well, not by the Philadelphia Gas Works. Under the Bush energy plan, natural gas has more than tripled. As approximately 50% of our bills are the cost of natural gas, a 200% increase at the well leads to a doubling of the gas bills. In truth had PGW, the City Of Philadelphia and the Commonwealth of Pennsylvania done nothing the bills would be even worse then they are now.

To help the public keep their bills within reach, PGW and the City of Philadelphia have taken very positive steps. The City has stopped collecting 18 million dollars from the gas works every year, a charge that was the equivalent of a sales tax. The City has also loaned PGW 45 million dollars in an effort to keep gas bills affordable. PGW, the United Way and the City have conducted literally hundreds of free workshops showing consumers how they can conserve energy. New loan programs have been established by the City to help consumers purchase new heaters. PGW has weatherized literally thousands of homes. In addition, PGW has aggressively helped consumers apply for LIHEAP and Crisis grants and enrolled families in CRP programs at historic levels. And the Commonwealth has raised the eligibility for LIHEAP and Crisis from 135% of Poverty to 150%.

The City has installed professional management at PGW. Collection rates and efficiencies are up. It was not that long ago, under the old management team, that PGW had a billing computer system that did not work and was literally giving rate payers money away. Under the old management PGW was making two types of decisions, bad and worse. All three of the previous managers were indicted for stealing from the gas works.

We have come a long way since Mr. Hawes decided to spend ratepayer's money on golf outings and his alma mater, Mr. Martin decided to spend our money on his security system and Mr. Sherbut fraudulently submitted his resume.

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But we have not solved the most pressing problems, ones that are not the City's or PGW's fault, but the fault of the Public Utility Commission. One is the problem of paying for those who cannot keep up with the skyrocketing bills; the other, how can PGW pay for higher labor and health care costs when we are teaching people to use less?

I know there will be some who will question my judgment by pointing out that the Street Administration appointed me to this position. All I ask is that you consider that on occasion I have testified against positions the administration was advocating. I opposed the sur charge on gas bills that PGW requested three years ago; I opposed the last water rate hike; I testified in opposition to the cuts in the Business Privilege Taxes; and most recently testified in favor of removing Wachovia for the list of approved depositories.

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

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

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

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

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

The PUC is like many practitioners of the right wing agenda: It gives the benefits of society to the rich and the burdens of society to poor and working people. The PUC purposely places the burden of those on limited and fixed incomes and the working poor on Philadelphians alone and allows the other citizens in the state to pay far less of a universal service charge than Philadelphians pay. As a result the Gas Works and the City of Philadelphia finds itself facing a dilemma, people cannot afford to pay more and PGW needs more.

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

The PUC has established four different funds to fund renewable energy. There is not a single fund to support conservation and weatherization. If the PUC really cared about helping people conserve they would run a national competition for the most cost efficient method to weatherize a home.

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

Your Honor, there are few times in a judges life when a decision can change the future. You have that opportunity. You can do what you know is right and place the burden where it belongs, on the failure of the Public Utility Commission, the Commonwealth and the Federal Government to implement a fair and just universal service charge, adequate energy assistance and a conservation plan that helps poor and working people.

If you do not take this opportunity who will stand to tell the truth to power?

So I ask you to find the courage it will take to issue a report that clearly states: People in Philadelphia should not be charged a single cent more and PGW needs greater revenues. The only solution is to change the way business is done.

Saying anything less will be a betrayal of the very people who fought so hard to ensure you have the right to hold the position you are in today.

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PA PUBLIC UTILITY COMMISSION HEARING
ON
PGW REQUEST FOR RATE INCREASE

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18th and Callowhill Streets

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Monday, April 9, 2007
1:00 p.m.

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TESTIMONY

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Good afternoon. My name is Lee B. Tolbert and I am here in many capacities. I am the President of the West Philadelphia Coalition of Neighborhoods and Businesses, a nonprofit community-based organization serving primarily West and Southwest Philadelphia. The Coalition, among other things, is an advocate for residents and businesses regarding those issues that affect their quality of life. We represent over 150 community-based organizations, churches, small and large businesses, and institutions.

I am also an active member of the PUC's Consumer Advisory Council. I am a senior and I am a rate payer.

First, I would like to extend my appreciation to the judges. Second, I would like to thank Chairman Holland for demonstrating his concern for low-income families in Philadelphia. The PUC has faced several tough issues over the past 1 1/2 years. It

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has been fair and has protected the public interest. Third, on behalf of the many small businesses that the Coalition represents, I would like to invite the Office of Small Business Advocate to connect with my organization. You know perhaps more than any other person here the importance of energy rates to the small business owner. I hope that we can talk after this meeting to establish a relationship that will benefit the small business population that we both serve.

Now to the substance of my testimony. Let me state at the outset that PGW is Philadelphia's Number 1 energy issue. I oppose any rate increase requested by PGW. I do not believe that PGW's fiscal or managerial performance justifies this or any other increase.

The record in this proceeding shows that in 2006, PGW reported that it terminated service to nearly 37,000 customers who could not or did not pay their bills. Like the winter before, we entered this past winter with more than 9,000 PGW customers whose natural gas service was shut off. About one third of these individuals are known to be low income customers living below 150% of the Federal poverty line. This is totally unacceptable. While I recognize that the entire State is suffering from energy increases, Philadelphia has the dubious distinction of having the gas utility with the highest rates in the Commonwealth.

PGW customers cannot afford a rate increase. Many of Philadelphia's seniors and families are on fixed incomes or in low paying jobs and their bills are in collections. Many, especially seniors, have to borrow money to pay their gas bill and prevent a disruption in their gas service, or they have to choose between having gas service or eating, or having gas service or buying medication. Those whose incomes are not low enough to qualify for the Customer Responsibility Program (CRP) are especially struggling because they must pay the increased cost of natural gas not only for themselves but also for the customers on CRP who are receiving a rate discount.

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

Safety is an enormous issue in the energy arena particularly with respect to natural gas. In the case of PGW, gas service shut-off may lead to the use of non-

traditional heating sources, which could ultimately result in household fires and fatalities. It seems like whenever you listen to the news or you read the newspaper, quite often you hear that fire was caused by someone attempting to use a non-traditional energy source such as an illegal connection, wood-burning stove or a kerosene heater.

Even with the highest rates in the Commonwealth, PGW has not been able to manage its money in a manner that would make a rate increase unnecessary. In the midst of this fiscal crisis, management at PGW decided to give itself a raise. In September 2006, the *Philadelphia Daily News* wrote several articles about \$500,000 in bonuses for top level officials at PGW. Like many of the people who reacted to news of the bonuses, I was outraged. These funds could have been distributed among the rate-payers or could have been used to reduce the deficit within PGW. The savings also could have been used to train customer service representatives, field personnel and their supervisors to improve customer service. I have heard numerous horror stories from consumers regarding their contacts with PGW and I have been directly involved in resolving some of them. However, the money was not used for any of these purposes.

As a member of the PUC CAC, I formally stated my objection to the bonuses in writing. The secrecy surrounding the bonuses cast suspicion on the entire process. Why keep them a secret for two years? This secrecy, coupled with the outrageous amounts of the bonuses, give legitimacy to the public perception that PGW is continuing its legacy of mismanagement and abuse of trust. Add that to the fact that PGW is preparing to request another very high rate increase, and the conclusion is that PGW has shown, at best, the poorest judgment and, at worst, the greatest contempt for its customers and its obligation to operate in a fair and open manner.

For the reasons stated above, I again STRONGLY urge the PUC to deny any rate increase that PGW requests. I also hope that the PUC will monitor PGW's actions more closely to identify areas where monies can be used to avoid any further rate hikes and to decrease the rates that consumers are currently paying for gas.

Respectfully Submitted:

Lee B. Tolbert
Lee B. Tolbert, President
West Philadelphia Coalition
of Neighborhoods and Businesses

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Testimony of Liz Signil 4/9/07

Introduction

My name is Elizabeth Signil. I am a PGW customer who has lived on the 2300 block of Dickinson Street for 43 years. I worked as a teacher in Philadelphia for four decades, most recently at Lincoln University, before retiring in 1997.

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

This is not the first time that I have spoken before representatives of the Public Utility Commission on the issue of PGW's financing and its rates. I did it on May 6th, 2004, and again a year later. Since that time, the problems of PGW customers have worsened, and the decisions and requests that were all granted before have not solved any problems for PGW customers. They have added to the burden, and actively endanger poor and working people. I have spoken on behalf of myself and many other people about how to solve the problems with the out-of-control gas rates and the huge number of people who are in debt, but you have never even answered these proposals. You call these "hearings" but you are not listening.

We are now paying twice as much to PGW as we were in 2000, but we have seen no increase in the safety or reliability of service. Over 20,000 families faced shut offs last year because the rates are higher than their income.

Where is our money going?

For more than 12 years, I and fellow members of the Philadelphia Workers Benefit Council have been telling you – and before you, the Philadelphia Gas Commission, when that was the regulatory body – PGW is no longer being used to provide a basic service, because gas is a basic service. It is a necessity for human life and industry. We all need to stay warm in the winter. We all need to be able to cook food. Thousands of businesses need gas service. But instead of using this publicly owned, natural resource for the public, for paying customers, it

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is purely a means for profiteering by a group that has no personal interest in the City, or in providing gas heat, or in using gas for running a business. I am referring to bondholders.

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

In order to make interest payments of \$74 million a year for the bondholders, PGW continually increases rates without improving service. The bondholders get special profits. They can only get these special, triple tax free interest payments – meaning no local, state or federal taxes, pure profit because of the special powers of government. Only a government can get away with removing the standard obligations of tax paying citizens and businesses. Whenever the PGW doesn't show a profit, and the profits are threatened, Moody's and other credit-rating agencies threaten to lower the bond rating, which increases the rate of interest the City must pay, so the bond industry tells PGW to go to the PUC to ask for a rate hike. It is a complete and total racket. The bondholders get profits. The people get shafted.

For the last seven years, the PUC has approved these rate hikes, and is therefore responsible for the effects on those for whom rates have become prohibitive. On a legal and ethical level, this is a violation of the PUC's responsibility to ensure safe and reliable service at affordable rates. On a practical and financial level, it is a LOSING plan. Anybody who has taken even a middle school finance course can figure out that if you keep raising the price you're charging to customers who are already in debt from the last rate increase, while businesses close down and jobs leave you are on a road to economic disaster. Meanwhile, we, the working poor, are paying for your lack of sensible action on this issue – with lives as well as dollars. My own real income has gone down. I'm struggling month to month to pay my bills on a limited income. My mortgage payments have gone up, my medical bills have increased, and my utility bills continue to take more and more of my social security income. Some months I have to choose whether or not I'm going to be able to buy my medication or pay

my gas bills.

How many more deadly fires do we have to suffer through, and how many more thousands of people ~~who~~^{will} have their service disrupted and their financial lives destroyed because of a higher rate they can never pay and a debt they can never recover from? The answer is simple – there is a conflict of interest between outside profit investors and public utilities. Make a plan to buy out and close down the bonds. Charge rates based on the actual cost of operation, and charge according to ability to pay. Not only that, but the City of Philadelphia owns its own gas works; this could be used to attract business and residents who see what is happening with the privatizing of utilities and are looking for a vehicle in which to invest their resources that do not compromise human life. The City government of Philadelphia is now the first PUBLIC ENRON, and it can stop this. Working people must have a seat at the table here, and instead of discussing how to pay off interest rates, we have to talk about how to stop the destruction of our economy and our people's lives. That is a public policy question.

I call on the PUC to make an extraordinary decision today, and deny the rate request by ordering the City government to get out of the financing business and start acting like a government instead.

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TESTIMONY OF BERNARD ~~REED~~ REED:

My name is Bernard ^{REED} ~~REED~~, I am a UPS worker, a college student and a Delegate from the Philadelphia Workers Benefit Council, which is made up of working people like me who represent over 15,000 low-paid service workers in Philadelphia.

I have seen my family's utilities shut off. I have seen my ^{NEIGHBORS} friends ~~families~~ shut off. I have helped many people try to get their gas service back on. The real disaster here isn't that PGW is trying to borrow more money. That's just trying to escape from the real disaster going on under all this. Bankers and investors can't or don't want to solve the real problem of poverty. They just adapt to the new situation by loaning more money. This happens in poor neighborhoods all the time. The person who is forced to borrow so they can eat today just ends up giving everything they own to the loan shark. Of course PGW is not a poor person. It is a part of the government.

The reality is that poverty in Philadelphia has increased in the last 10 years. With an increase in the numbers of working poor in our city, Philadelphia is now the 5th poorest city in the country, according to census data. The same census study shows that while income at the bottom has gone down, income at the top has gone up. That is the real meaning of attracting more bond investors by raising utility rates. Transferring more and more money from low-income people to wealthy people. Is that the role of the government? Is that what gas service is for?

There is a terrible responsibility falling on the shoulders of the PUC and the municipal administration of the PGW because of their relying on refinancing. The legislature changed the power of government over the people in the name of solving the PGW financial crisis.

In testimony submitted at the May, 2004 hearing, an expert testifying on behalf of PGW stated that "It is likely that maybe fifty percent of households will be increasingly unable to pay full gas bills [due to] changes in the national economy for which no solution is currently evident."

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

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

What did PGW do to respond to the increasing number of uncollectibles it experienced a few years ago?

In December, 2002 and January, 2003, two elderly Philadelphians named O'Kelley Barlow and Betty Clark died in their homes as a result of heart disease and hypothermia after PGW violated state law by failing to give warnings before shutting off their gas. PGW lied to the PUC by claiming that it had called Mr. Barlow to warn him of his impending shut-off when, it later acknowledged, this was impossible *because PGW didn't have his phone number*. PGW was found responsible for these two deaths by the PUC. For its crime, PGW was fined a token amount -- \$100,000.

YOU do the math. No figure that you come up with can compare to the cost of lives. You can't put a dollar figure on a life. But to make the next bond rating to keep up the financing, PGW lobbied to loosen or remove the laws that resulted in fines in cases like Barlow's and Clark's.

In the winter of 2004, without public input, PGW officials attached a bill as an amendment onto unrelated legislation. The bill was shuttled through the legislature with no public debate, and it was passed while people were preoccupied with the November elections and the upcoming holidays.

This law, called Act 201, does two things. It takes away from the protections people have had, so that now PGW can turn off more people in debt more efficiently. If you can't make money by getting people to pay high bills,

you have only one other choice. Get rid of the customers who are having a hard time making ends meet and paying their bills. This law allows winter-time shut offs for the first time in 30 years. PGW's collection rate has, indeed, improved. It went from 87% in 2003, to 91% in 2004, to 97% in 2006.

At what cost? This past winter, the Philadelphia fire department attributed 17 fatal fires to utility shut-offs. The largest number of victims were children. Unlike the Clark and Barlow shut-offs, these were legal, because the law barring this behavior has been taken away.

Can't you see the connection between the number of uncollectibles and the decline in real income in Philadelphia?

But Act 201 is more than just allowing utilities to shut off people even if it endangers their lives. Act 201 assigns unpaid debt to all adults living in the house of the customer for the rest of their lives.

Act 201 tells landlords they will have their property put under lien if they don't turn over all the names of adults in the household, or even allow a tenant to not pay a bill.

Act 201 authorizes utility companies to send lists of customers in debt to the welfare department. This law is going far outside the powers of a problem of providing public gas service in an efficient manner to citizens of a government. This law is trying to make the customers who cannot afford rate increases into criminals, and punishing them in ways that are outside the powers of government.

Why did this happen? Because that's the kind of laws that will make a bond rating go up and a collection rate go up. The PUC and PGW have lost sight of the people. They are impoverishing our community, attacking the poor and sick and elderly and destroying their own customer base, all to pay off tax free interest. This is worse than ENRON because it is our government. How long do you think bond holders are going to hang on to these bonds when they hear about this? Will you hide this problem?

My question to the four or five members of the PUC who will ultimately decide on this matter is a simple one. Are you going to commit the same error yet again, when the so-called "solution" – raising the rates – didn't work the first

time? Are you so threatened by schemes of these profiteers that you will turn a blind eye to the total lack of logic in PGW's argument?

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

I thank Judge Fordham and Judge Jones and the other staff members of the Pennsylvania Public Utility Commission for inviting our input today.

All we are asking the Commission to do is to *use the public gas service to serve the public*. We could be talking about how to use cheap, plentiful gas to attract business and create local jobs and lowering the rates so people can go shopping again in the stores of our city, but instead we will be talking about who else died because they were shut off for life. You decide. But We, The People, Will Know Who You Serve By The Decision That You Make.

Thank you.

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MARK Lewis SPEECH:

My name is Mark Lewis, and I was born and raised in Philadelphia, and I work at University of Pennsylvania ~~as a graduate student in the library~~. I am opposed to the rate hike and I am working as a volunteer with Eastern Service Workers Association to help our membership of low-income families who are suffering from the terrible financial burden they are still trying to pay off from the previous rate hikes.

PGW officials openly admit that their latest request for a rate hike is an act of desperation. In testimony submitted to the PUC with this proposal, PGW's Vice President of Regulatory and External Affairs, Steven P. Hershey, states that "PGW has come to resemble the customer of a payday lender who is unable to sustain a cash flow sufficient to pay expenses and meet financial needs and is compelled to borrow to make it to his next paycheck, piling on the cost of borrowing, and making the situation worse."

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

This market, Mr. Krellenstein testifies, suffers from the weakness of being what he calls "shallow." What does that mean? It means there aren't many players in it. Mr. Krellenstein goes on that because there are a limited number of wealthy individuals and corporations interested in profiting off of the triple-tax-free, insured nature of PGW's bonds, so therefor PGW has to generate more investors, and the only way to do *that* is to generate – and I quote – "significantly higher rates of return."

How will PGW produce this higher rate of return? Will PGW sell more gas than last year? Does PGW have more customers? Are more people using gas? Is there industry and services using natural gas that will now be increasing gas usage? Where is the basic plan to operate? This isn't about delivering a

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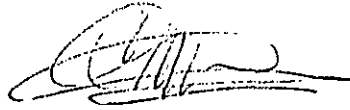
needed product as part of an economy based on growth or improvements. This is a refinancing plan to pay higher interest.

Who is calling for this solution? An investment banker. I agree this is like ENRON, where the investors and the investment industry all agreed that they all had to go along with it because they only had one reason for being involved in gas heat. It has nothing to do with how many people have heat, or if the pizza place can make pizza, or if the hospital has heat. This is all about using *my* gas rate increase, and 499,000 other customers, to allow *them* to stay in the investment business. This municipal utility is out of control of the municipal government. Even as an investment it is not sound. Just because the government has the special power to decide to send out bills for more and more money to the same citizens and businesses here doesn't mean it will work. The debts are piling up from customers who couldn't pay for the last three increases. The number of businesses closing because of energy costs is going up. PGW announced that 20,000 customers were in debt last year. That isn't a problem with customers. That's bad business.

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

PGW states that without this base rate increase, its survival is at stake. It said the very same thing back in 2002. Its words have not changed. It got what it asked for then, a base rate increase of at least \$35 million dollars, and yet here we are again -- 5 years later, with an even larger rate increase requested. If the base rate hike didn't work to resolve PGW's debt problems in 2002, why do you think it's going to work in 2007? PGW's survival is at stake, and the only answer is to change how it operates. If we do not, then the next thing we will be seeing is the rest of the ENRON scandal, and who will end up owning the PGW? The same investment firms which are calling for rate increases today. Instead, I call on the PUC to rule that the financing plan be cancelled and the PGW be put back under public control.

RE: Philadelphia Gas Works
Proposed Rate Hikes



Dear Elected Officials:

On February 23, 2007 I attended a Public Utility Commission (the Commission) pre-hearing conference (13th Floor State Office Bldg. Room 2). The purpose of the meeting was to schedule including public input hearings to address the eleven percent (11%) rate hike proposed by the Philadelphia Gas Works (PGW) which amounts to one hundred and seven million dollars (\$107,000,000). During the scheduling procedure, I perceived there was a foregone conclusion that the Commission would approve a rate hike although it may be as lower than the proposed eleven percent (11%). I had submitted a formal complaint to the Commission opposing the rate hike. Judge Fordham inquired if I wanted to be an intervener and I declined. My explanation for declining is that I feel since we pay taxes, and PGW is a City owned entity, our elected officials are better equipped to intervene in lieu of their constituents. I feel they have more expertise and are more knowledgeable regarding PGW's business operations and practice.

On Sunday, February 18, 2007, I was watching a program on Channel 6 (I believe the name is Inside Story). J. Whyatt Mondesire (panel member) commented that PGW was doing well; however, they needed an additional one hundred million dollars (\$100,000,000) to get out of the "red". Mr. Mondesire gave no explanation why the additional money was needed as his statement was given towards the close of the program.

If we are having difficulty or cannot pay the existing gas bills, what gives PGW the idea that the PGW customers (the Customers) will be able to pay if there is a rate hike? We now pay into all of PGW's operations. If the Customers are paying into all of PGW's operations, do we own any part of the entity known as PGW?

As far as I can determine, PGW is a City owned entity because we are given the option to pay the gas bill on through a link on Philadelphia Government's web site (www.phila.gov). Why do our payments go to two different addresses in New Jersey when PGW is located in Philadelphia, Pennsylvania?

Why should those who pay their bills be responsible for those individuals who can't or won't pay their bills? I really would like to know. Would you consider that equitable treatment? Senior citizens pay their bills on a regular basis and cannot continue to support the business operations of PGW. Someone needs to develop reasonable alternative heating solutions, sources and/or resources. Because PGW only can think of increasing the rates and expecting to get paid by people who no longer can afford PGW's prices. State government resources such as LIHEAP and CRISIS probably could be eliminated if there was more emphasis on finding and introducing safe alternative heating sources and resources. The State cannot, and, probably will not continue to support the Customers of PGW or PGW.

Submitted by *Cornelia Hester-Williams*
2727 W. Lehigh Ave., Phila., Pa 19132 1002

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Who is benefiting from the money collected by PGW: certainly not the Customers? What has PGW done to help the Customers? The Customer Response Program (the Program). Take a good look at the Program. The Program locks the customer into paying PGW 12-36 months when in some instances the balance can be satisfied long before that time. Some people are grateful for The Program may help some people with substantial outstanding balances; however, it may or may not help those who pay their bills on time. There is a bigger picture

I participated in the Program for approximately 6 months, and, I feel that I was penalized when I opted out. The money I paid into the Program was not credited towards my balance. I paid into the Program for approximately 5 months. If the money I paid had been credited towards the balance, the balance would have been satisfied. I paid \$93.52 a month which totaled \$467.60 (approximate time and amount). I believe eleven dollars (\$11.00) a month was paid towards the balance. I called them to inquire where the remainder of my money was being applied and the PGW representative could not tell me. In the beginning of 2007, I considered re-applying for the Program and again contacted PGW. I spoke to a representative and asked where the balance of my money would be applied. I was told that the balance went into a fund. I have thought about this and have come to the conclusion that this just doesn't make sense. Why would an individual continue paying from 12 to 36 months and the bill would continue to show a deficit when the bill could have been paid long before that time? In addition, even though I was no longer participating in the Program, the money I received from LIHEAP went into the fund and was not applied towards my gas bill. Something is wrong with this picture.

Death and Crime

Have you ever lived in a house without heat? I have. It was miserable experience. I feel that some of the deaths that occurred during the cold spell in February 2007 may have been the result of no heat. People have committed crimes as the result of gas services being shut-off. Can you imagine living in a house without heat when the temperature is below freezing or below 20 degrees or below zero degrees? It is like living in a freezer. THINK about it. When people are cold, they are going to do something to get warm: which may include stealing gas or electric or committing robberies to get the money to get heat. Can you imagine a new born baby in a house without heat?

Why haven't our elected officials done more to get us out of this dilemma? Any one that takes a good look at the situation may conclude that the Customers are being held hostage by PGW. There needs to be more options than just implementing emergency funds or continually increasing the rates. There should be alternative options for all people. There are people who use their grocery money or forego other bills to pay PGW. Something has to be done.

Therefore, we, the constituents, are requesting your intervention in the Public Utility Commission Hearings regarding the rate hike proposed by PGW.

Thank you for your time.

Respectfully and Shalom



Cornelia Hester-Williams
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chw1212@msn.com

2727 W. Lehigh Avenue
Phila., Pa 19132

2 of 2

TO: PUBLIC UTILITY COMMISSION:
FROM: Cornelia Hester-Williams
2727 West Lehigh Avenue
Philadelphia, PA 19132
Account No.: 1119785623
RE: Maintenance of Gas Lines

I was returning from an errand on March 21, 2007. When I turned onto the 2700 Lehigh Avenue, I noticed representatives from the Philadelphia Gas Works (PGW) in front of my house. When I reached my house I was told by a female representative from PGW that there was a gas leak and she needed to get into my basement. My next door neighbor, Mr. Earl Saunders, was sitting on the steps in front of his home, 2725 West Lehigh Avenue, with a concerned expression on his face. There were several other neighbors standing about.

When my basement was checked, there was a gas coming into my basement from the outside line. In several seconds the PGW representative commented she had measured 0.11 (?).

The gas company repaired the line that day and installed a new pipe attached to the meter in my basement. In approximately 2-3 weeks, the hole was covered with cement. In addition, a gas leak was found in the basement of 2725 West Lehigh Avenue as well as in front of the house located at 2720 West Lehigh Avenue. When I questioned Mr. Saunders on March 27, 2007 what prompted the gas company to come out, he informed me that PGW had come to his residence to check the furnace and that is when the leak was discovered.

Comment: Lehigh Avenue is a well traveled street starting at Ridge Avenue eastward. In addition the route 54 bus, which is a double bus, travels over Lehigh Avenue on a regular basis. If we are paying for maintenance and because Lehigh Avenue is a major thoroughfare and a lot of traffic, especially the double buses, travel that route on a regular basis, why weren't those leaks found earlier. In addition, because of the leak, will I get credit on my bill for gas I did not use?



Cornelia Hester-Williams
2727 West Lehigh Avenue
Philadelphia, Pa 19132

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Mr. Paul Harrington
4217 Hellerman Street
Philadelphia, PA 19135
(215)332-3705
myoldwebsite@yahoo.com

PUC Public Input Hearings

Date: April 9th, 2007

Location: Community College of Philadelphia 18th and Callowhill Street Rm# c2-28

Administrative Law Judges: Cynthia W. Fordham and Angela T. Jones

Hi my name is Paul Harrington *I'm a residential customer*
and I want to add my statement for the record opposing the proposed rate
increase.

I think it's neglectful of me and working Philadelphians,
to increase our gas rates by 11 percent.

The gas utility is my most costly utility bill and
to increase rates above the Consumer Price Index and
Cost of Living Adjustment is gouging the average worker.

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

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

thank you for your time

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Mar 19, 2007

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Pennsylvania Public Utility Commission
Post Office box 3265
Harrisburg, PA 17105-3265

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To The Pa Public Utility Commission;

I am writing to STRONGLY OBJECT to the proposed rate increase. Not too long ago in 2002 Philadelphia Gas works increased its base rates by \$36 million dollars. At an energy efficiency seminar I attended just this past weekend, we were informed that PGW just increased its rates in October, 2005 by 29% and according to the PUC website they are asking for another 11%.

I am a tax accountant. My clients include businesses, individuals and seniors. Even though the gas company gave a small discount last year as well, neither category of tax payers, nor I have yet been able to recoup from the increase.

One particular set of clients I had leads me to question the efficiency and effectiveness of current PGW corporate policies and procedures. In addition to preparing taxes, I assisted one particular elderly couple with bill paying activities. The wife had alzheimers and the husband suffered from diabetes and related blindness. When I first started helping them with their bills, the gas payment was around \$150 per month during height of the heating season. After the first major increase instituted by PGW; around 2002 my clients' monthly bill shot up to a much higher monthly average. After the wife died in June, 2002, their son came home to take care of his Father. He arranged for his Father's account to be put on a budget plan for \$50 per month! Their income would not qualify them for any subsidy program. I was concerned because their average usage was higher than \$50 per month and collecting less than the average bill due would cause a monthly deficit and difficult to pay at the end of the year.

Prior to the son taking over, the parents were very responsible and diligent about paying their bills - in total. They hired me to make sure that even in illness, their assets remained unencumbered. This probably is not an unusual case. Nevertheless, my question to PGW and PUC is: if there had been proper analysis done regarding gas usage and payment history, how could a \$50 monthly budget plan be established and approved for an account that typically paid \$150 dollar monthly - even prior to the increase!?? This is NOT the fault of the general public and nor should we be penalized for such oversights. PGW management must review its procedures and look for practical and efficient ways to manage its bill collection processes. This is a case where the customers were paying their bill but because of an erroneous budget plan, may have been thrown into a situation of not being able to pay thousands of dollars at the end of the year. Consequently, both PGW and the customer have deficit situations. PGW management *must* make a commitment to effectively do its job.

Incomes are not increasing as much as the increases for PGW. Weeks ago, I heard on the national news that currently the general public is negatively saving and that we have the worst

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saving habits since the Depression and one other period. At first glance one might say that it is due overspending. I agree that people are consuming a lot. However, my theory is that fixed costs have also risen to the point that in order for people to take care of their basic needs like electricity, heat, food, and commuting to work they have to take money from savings. My theory was reinforced at a Housing efficiency seminar where many others attended, trying to see what conservation methods are around that we may not yet have tried. They showed that the average American family spends \$1,500 a year in heating bills and in the Northeast, due to the cold, many of us probably spend more than the average. PECO went up 42% in 2005 and 12% in 2006. Recently the water rates have been rising as well. Most job increases, if any, are only from 1% to 3%. Those that are not robbing Peter to pay Paul, are taking money from savings. I have been conserving heat, water AND electricity since the 1970s, and I still have to wear thermals at home to keep warm and afford the utility bills. We, the consumers have to conserve and pay heating bills that for many are becoming unaffordable. What are PGW and other utilities doing to examine their respective operations, find monies, conserve on salaries and Board fees, instead of trying to dump all of their management inefficiencies on consumers by way of increasing our rates?

Since I started writing this letter on the 6th, I heard on the local news that 9 children had to be sent to Children's Hospital because they suffered from hypothermia. Over the weekend, I was at an affair and several persons told me about a woman and two children who died in a fire, trying to heat their home with an alternative heat source. Something is wrong here. Utilities bills are too high.

I used to be a bank examiner and currently am Treasurer for two community organizations. In each case, I have had to review operations, policies and procedures to recognize and correct internal issues that needed to be redefined and changed. The effect was improved procedures for management decision-making, lower risk for the organization and better cash flow. PGW needs this kind of examination and/or audit.

To conclude, based on the above situations and experiences, I am against the rate increase for PGW. PGW must find a way to conserve money, just as the consumer is making due with lower heat and higher bills. If not, then PGW and the PUC will be directly responsible for more deaths due to hypothermia and/or fires because of alternative heat sources that are not as safe. I will go even further to say that based on the trend of low raises, disinvestment in savings and higher fixed cost bills, PGW must get a handle on its management to prevent the trigger toward a critically negative economic trend.

Thank you for taking this complaint into consideration and disallowing the PGW rate increase.

Sincerely,


Deborah Giles

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UBCA - Community Trust®

United Block Captains' Association (UBCA) Community Trust -
A.K.A. The Community Rebirth Organization Plan (CROP™) Action Team
Presents the

Philadelphia Energy and Water Works (PEWW) Employee Stock Ownership (CSOP/ESOP) Organization

Purpose is:

The Philadelphia Gas Utility Infrastructure - the Philadelphia Gas Works (PGW) Public Utility Business Model being transformed to the Philadelphia Energy and Water Works (PEWW) by implementation of the reorganization of PGW and Philadelphia Water Department (PWD) to Customer and Employee Stock Ownership (CSOP/ESOP) Organization. The Philadelphia Energy Works is to consist of the combination of the Philadelphia Water Department sewer division with the existing PGW infrastructure thus enabling the millions of cubic feet of methane gas that is now burned off to be combined with Hydrogen to produce a synthetic gas that has the British Thermal Unit (BTU) fuel power value of natural gas.

The conversion to bio-methane hydrogen enriched synthetic gas (i.e. syngas) from natural gas supplied by Big Oil will allow the almost one billion dollar annual payment to Big Oil for natural gas to stay in Philadelphia. Bio-methane is the renewable "natural gas!" Bio-methane will some day replace the "methane" that is sold by all local gas companies. Bio-methane has an unlimited supply, whereas the methane sold by gas companies has a limited supply. Bio-methane is renewable, whereas the methane (i.e. natural gas) sold by our gas utility company PGW is not renewable. Bio-methane recovery, use and production generates "Greentags" or a "Renewable Energy Credit" for the owners and is GOOD for our environment. The production and use of the natural gas sold by our gas company PGW does NOT generate these incentives and new revenue streams and is NOT good for our environment.

Bio-methane is "naturally" produced from organic materials as they decay. Sources of Bio-Methane include; landfills, Waste-water Treatment Systems, and every tree or agricultural product that is no longer living. Bio-methane, after installation of the bio-methane equipment is essentially free, as opposed to buying natural gas, presently costing around \$10.00/mmbtu.

Methanogenesis is the production of CH₄ and CO₂ by biological processes that are carried out by methanogens. Again, unlike the price of natural gas, which has been around \$10.00/mmbtu to as high as \$17.00/mmbtu this past year the production of bio-methane under the ESOP/CSOP structure will simply be the costs for wages, plant, and equipment incurred to operate the *PEWW Bio-methane Syngas Plants*.

The **Employee Customer Stock Ownership Plan (ESOP/CSOP)** provides widespread access to capital credit to each employee in a company on a systematic basis. Technically, the ESOP/CSOP uses a legal trust that is "qualified" under specific U.S. tax laws encouraging employee ownership. (In some countries, an Employee Shareholders' Association is used instead of a trust.) Fortunately, these laws are extremely flexible, so that each plan can be tailored to fit the circumstances and needs of each enterprise, and deficiencies in the design of an ESOP can easily be corrected.

How ESOP/CSOPs Work

To set up an ESOP/CSOP, a company or government creates a trust fund for employees and customers (an employee/customer stock ownership trust [ESOT/CSOT], also referred to as an ESOP/CSOP trust) and funds it by one or a combination of the following methods: (1) contributing company shares; (2) contributing cash to buy company shares; or (3) having the plan borrow money to buy shares and then making payments to the ESOP/CSOP trust to repay the loan. Some typical uses of ESOP/CSOPs are as follows:

To use tax-deductible corporate earnings to buy shares from owners of closely held companies who wish to sell

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while deferring taxation on capital gains from the sale.

To create a market for inside or outside shareholders in closely held companies.

To allow shareholders with management responsibilities in closely held companies to sell gradually and ease out of the business over a period of years.

To finance corporate acquisitions through the loan that buys stock for a leveraged ESOP/CSOP.

To enhance corporate performance and job satisfaction by creating a corporate "ownership" culture.

To reward employees with a benefit tied to corporate performance while affording the company substantial tax benefits.

From ERISA's birth to the present day, over twenty different laws strengthening ESOPs have been passed by Congress, each of them varying in complexity and tax implications. There are approximately 10,000 ESOPs in the U.S. alone, with 8.5 million employee-owners who participate in these plans (this number is roughly 9% of the U.S. workforce). About 1,000 of those ESOPs are from publicly traded companies that employ more than 50% of the nation's ESOP-owners. In 2000 the National Center for Employee Ownership (NCEO) estimated ESOPs owned \$400 billion in corporate assets.

Research studies have demonstrated that ESOP companies grow 2% to 3% per year faster than they would have without an ESOP, are less likely to go out of business, pay 5% to 12% better wages, and have retirement benefits averaging three times those provided to employees in comparable non-ESOP companies.

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Long-term Service Agreements

Operations & Maintenance

Green Tag (Renewable Energy Credit, Carbon Dioxide Credits, Emission Reduction Credits) Brokerage Services; Application and Permitting

Please feel free to contact us with any questions or concerns that you have. If there are any questions, please feel free to call us at 267.237.5064, or 267.237.1876, E-Mail cadreoflawyers@yahoo.com Mailing Address Jasper Jones, Executive Director, UBCA - Community Trust®(for family life improvement) Inc. P.O. Box 42227, Philadelphia, PA 19101-2227.