

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

ORIGINAL

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 PENNSYLVANIA PUBLIC UTILITY COMMISSION :Docket Nos.
 v. :R-00061931
 PHILADELPHIA GAS WORKS :R-00061931C0001
 General Rate Increase. :through
 Evidentiary hearings. :R-00061931C0071
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Pages 923 through 984 Hearing Room No. 1
 State Office Building
 Broad and Spring Garden Streets
 Philadelphia, Pennsylvania

**DOCUMENT
FOLDER**

Thursday, May 24, 2007

Met, pursuant to notice, at 9:05 a.m.

BEFORE :

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

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1 P R O C E E D I N G S

2 ADMINISTRATIVE LAW JUDGE JONES: Good
3 morning. I am Administrative Law Judge Angela Jones,
4 and beside me is Administrative Law Judge Cynthia
5 Williams Fordham. We are assigned to preside over
6 the matter of the Pennsylvania Public Utility
7 Commission versus Philadelphia Gas Works at Docket
8 Number R-00061931, R-00061931C0001 through C0071.
9 This is the further hearing of this matter.

10 I note the appearance of the
11 following: Ms. Christy Appleby, Mr. Darryl Lawrence,
12 and Ms. Tanya McCloskey all representing the Office
13 of Consumer Advocate.

14 Ms. Sharon Webb, Ms. Lauren Lepkoski,
15 both representing the Office of Small Business
16 Advocate.

17 Mr. Richard Kanaski, Ms. Allison
18 Kaster, both representing the Office of Trial Staff.

19 Mr. Philip Bertocci, Ms. Thu Tran,
20 both representing Action Alliance of Senior Citizens
21 and Tenant Union Representative Network.

22 Ms. Jill Guldin representing the
23 Philadelphia Housing Authority.

24 Mr. Gregory Stunder representing the
25 Philadelphia Gas Works, as well as Mr. Dan Clearfield

1 and Ms. Deanne O'Dell representing the Philadelphia
2 Gas Works.

3 I note for the record that the counsel
4 for the Philadelphia Archdiocese is not present.

5 I note for the record that counsel for
6 the Hess Corporation is not present, but has asked to
7 be excused as his business before this proceeding has
8 been finished.

9 I note that the counsel for the
10 Industrial Intervenors also known as PICGUG, is not
11 present as her business before this proceeding has
12 concluded.

13 I note for the record that counsel for
14 the Philadelphia School District is not present;
15 however, has asked to be excused as his business
16 before this proceeding has concluded.

17 I note for the record that counsel for
18 IGS is not present, but has asked to be excused as
19 his business before this proceeding has concluded.

20 Are there any preliminary matters that
21 the parties wish to present before us today?

22 MR. CLEARFIELD: Your Honor, at this
23 time I believe PGW has determined that it has no
24 other choice but to move to dismiss the Archdiocese
25 complaint. We can take that up now or we can wait

1 for the conclusion of the testimony.

2 JUDGE JONES: We'd like to do that
3 after we finish the last witness that's here today.

4 MR. CLEARFIELD: Thank you.

5 ADMINISTRATIVE LAW JUDGE FORDHAM:

6 There is an outstanding matter
7 regarding the on-the-record data request that was
8 made during Ms. Mondre's testimony. And the question
9 from OTS was about the table, whether they were gas
10 solely or not. And we did not set a time for
11 submission of that. Mr. Clearfield.

12 MR. CLEARFIELD: Ms. Bisgaier.

13 JUDGE FORDHAM: I'm sorry, Ms.
14 Bisgaier.

15 MR. CLEARFIELD: We have not had an
16 opportunity to determine whether that information is
17 available, but we'll try to do it either by the end
18 of the day today or tomorrow.

19 JUDGE FORDHAM: Thank you.

20 JUDGE JONES: Also for the record we
21 want to state that counsel for PECO Energy Company is
22 not present.

23 At this time I believe having no other
24 preliminary matters, we're ready for the presentation
25 of your witness, Mr. Clearfield.

1 MR. CLEARFIELD: Thank you. Mr.
2 Gyory, would you step up, please.

3 RANDALL GYORY, having first been duly
4 sworn according to law, was examined and testified as
5 follows:

6 JUDGE FORDHAM: Please be seated.
7 Would you state your name and business address for
8 the record, and please spell your last name.

9 THE WITNESS: My name is Randy Gyory.
10 The last name is spelled G-y-o-r-y. And I'm the
11 vice-president of customer affairs of Philadelphia
12 Gas Works located at 800 West Montgomery Avenue,
13 Philadelphia, PA 19122.

14 JUDGE FORDHAM: Thank you. You may
15 proceed, Mr. Clearfield.

16 MR. CLEARFIELD: Thank you, Your
17 Honor.

18 Your Honor, we distributed to the
19 parties and to the court reporter a document
20 entitled; Testimony of Randall Gyory which consists
21 of several pages of questions and answers and two
22 exhibits which have been marked as Exhibits RG-1 and
23 RG-2. We've premarked that statement as PGW-6 and we
24 ask that it be so marked.

25 JUDGE FORDHAM: It shall be so marked.

1 (Whereupon, the document was marked as
2 PGW Statement 6 for identification.)

3 DIRECT EXAMINATION

4 BY MR. CLEARFIELD:

5 Q. Mr. Gyory, do you have what we've marked
6 as PGW Statement 6 in the company exhibits before
7 you?

8 A. Yes, I do.

9 Q. Is that your prepared direct testimony for
10 the purpose of this proceeding?

11 A. Yes, it is.

12 Q. Was it prepared by you or under your
13 supervision and direction?

14 A. Yes, it was.

15 Q. Do you have any additions or corrections
16 you'd like to make to that statement?

17 A. No, I don't.

18 Q. Is it true and correct, is that statement
19 true and correct to the best of your information,
20 knowledge and belief?

21 A. Yes, it is.

22 Q. If I ask you the questions set forth
23 therein today, would your answers be the same?

24 A. Yes, they would.

25 Q. You also prepared rebuttal testimony.

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1 MR. CLEARFIELD: Your Honor, we have a
2 document we previously distributed to the parties.
3 It's entitled; Rebuttal Testimony of Randall Gyory.
4 It consists of several pages of questions and
5 answers, and three exhibits, RG-3 through RG-5, and
6 have been premarked as PGW statement 6R and ask that
7 it be so marked.

8 JUDGE FORDHAM: It shall be so marked.

9 (Whereupon, the document was marked as
10 PGW Statement No. 6R for identification.)

11 BY MR. CLEARFIELD:

12 Q. Do you have before you what's been marked
13 for identification as PGW Statement 6R?

14 A. Yes, I do.

15 Q. Was that prepared by you or under your
16 supervision and direction?

17 A. Yes, it was.

18 Q. Do you have any additions or corrections
19 to that statement or the exhibits?

20 A. No, I do not.

21 Q. Is that true and correct to the best of
22 your information, knowledge and belief?

23 A. Yes, it is.

24 Q. If I asked you the questions set forth
25 therein today, would your answers be the same?

1 A. Yes, they would.

2 MR. CLEARFIELD: Your Honor, we have
3 some rejoinder testimony to the surrebuttal
4 testimonies of --

5 JUDGE FORDHAM: You may proceed.

6 MR. CLEARFIELD: -- Mr. Geller and Mr.
7 Colton.

8 BY MR. CLEARFIELD:

9 Q. Mr. Gyory, with respect to Mr. Geller's
10 testimony, first of all. Mr. Geller reiterates his
11 claim that PGW is providing inadequate service in his
12 view because of certain customers that have not
13 received service. Can you explain your understanding
14 of Mr. Geller's allegations?

15 A. Yes. My understanding of Mr. Geller's
16 allegation is that he's focusing on the nine
17 thousand, approximately nine thousand customers who
18 were still terminated at the time of cold weather
19 surveys as his basis for PGW providing inadequate
20 service.

21 Q. When would that time be exactly?

22 A. The cold weather survey has to be
23 performed within ninety days of December 1st. So as
24 of December 1st we compile the reports and report to
25 the Commission. So it is as of December 1st.

1 Q. 2000 and?

2 A. 2006, that's correct.

3 Q. Do you agree with Mr. Geller's
4 foundational assumption?

5 A. No, I don't agree with Mr. Geller's
6 foundation that just because these customers have
7 been terminated and remain terminated as of December
8 1st that we're providing inadequate service.

9 We provide service to our customers.
10 One of the beliefs is that these customers are
11 required to pay for that service. If they don't pay
12 for that service, we're going to take the necessary
13 steps to terminate the service as prescribed by the
14 regulations.

15 Q. Has there been any allegation that PGW has
16 violated any specific regulation or law with respect
17 to terminating those customers?

18 A. No, there's not been any allegation that
19 we violated any specific regulation. I think the
20 allegation is per se that just because these
21 customers remain off is a violation of the Public
22 Utility code.

23 Q. Do the customers that were terminated,
24 including these customers, receive opportunities to
25 avoid it, avoid terminations prior to being shut off?

1 A. Yes, they do. In fact, they receive
2 multiple opportunities to avoid shut off. In fact,
3 prior to placing a customer on the regulated
4 collection path as prescribed through the
5 regulations, we perform many outbound calling
6 campaigns in an attempt to reach these customers to
7 enter into a payment arrangement or remove their
8 delinquency.

9 Some of these outbound calling
10 campaigns that we perform prior to placing any
11 customer onto the regulated collection path include
12 when a customer has paid late, we have a late paying
13 campaign. If they missed a budget billing, a month
14 of budget billing we will call them, as we will also
15 call customers who have defaulted on their payment
16 arrangements. We perform over a hundred and thirty
17 thousand calls on average in any month of the year.

18 In addition, we do other things also.
19 Prior to shutting off the customers, as I explained,
20 is that we do perform all the regulated activities.
21 That's sending the customer the prescribed ten-day
22 notice, following up seven days later with either a
23 phone call or a field visit. And then finally
24 visiting the customer's house before a possible
25 termination.

1 Also, we don't stop our outreach
2 efforts in trying to help customers restore just
3 based upon we shut somebody off. We complete the
4 cold weather survey in December. Shortly after that
5 time we restart the whole process again, and we again
6 complete that cold weather survey process during
7 January in an attempt to reach these customers to get
8 their service restored.

9 Q. With that testimony on the record that PGW
10 has its own energy and assistance program, the CRP
11 program, does PGW take additional steps or make
12 efforts to identify additional sources of energy
13 assistance to these and other low income customers
14 who have trouble paying their bills?

15 A. Yes, we do. We work very diligently in
16 order to obtain other funding through other resources
17 in order to get these customers restored.

18 In fact, we worked very hard this year
19 in establishing a state grant program in order to
20 have low and we'll even say some non low income
21 customers restored who were shut off as of December
22 1st.

23 In fact, through this outreach effort
24 what we did is we partnered with various community
25 based organizations, neighborhood energy services to

1 provide the outreach services. We did our own
2 additional outreach in attempting to reach these
3 particular customers.

4 Q. How successful was that effort?

5 A. Unfortunately, it wasn't as successful as
6 we would like it to be. We would like to get all the
7 customers restored. But it is a balancing act. And
8 we did perform this outreach. And still many
9 customers still remained off at the conclusion of
10 that program. But we reach out to these customers.
11 We attempted to contact them. Some we did contact.
12 Some we did not contact. As a matter of fact, at the
13 end of the program there was still additional funding
14 available that we were unable to disperse through
15 this program.

16 Q. What is your conclusion with respect to
17 your efforts vis-a-vis these nine thousand customers?

18 A. Well, my conclusion is regarding
19 reasonable service or inadequate service is that we
20 do provide reasonable services. It is a balancing
21 act. If someone does not pay us, our recourse is an
22 attempt to contact them, attempt to get them on a
23 payment plan prior to having to shut them off for
24 nonpayment. But if someone doesn't pay us, the
25 regulations do allow us to terminate someone for

1 nonpayment.

2 So even beyond that, once we terminate
3 them we do perform these outreach efforts. We would
4 like to restore them all. I don't really know what
5 there is left for us to do. Maybe as a matter of
6 recourse is that the State, you know, as a
7 suggestion, the General Assembly look into other
8 sources of funding for energy assistance for these
9 low income customers.

10 Q. Let's turn to a slightly different
11 subject.

12 Mr. Geller in his surrebuttal
13 testimony on page five states that residential
14 customers without curb valves are negatively impacted
15 through no fault of their own by the level of PGW's
16 dig up charge that would be imposed if that customer
17 was turned back on and they had to be dug up to turn
18 the service back on. Do you believe that Mr.
19 Geller's comment is accurate?

20 A. No, I don't believe Mr. Geller's comment
21 is accurate. Just for the record, a curb valve is a
22 valve that is located outside the property at the
23 curb or close to proximity of the curb, and it's
24 utilized to shut off gas service, if necessary,
25 without having to gain access to the property.

1 Mr. Geller is inaccurate for several
2 reasons. First of all, we don't target all the
3 customers for shut off by excavation. We only target
4 those customers who have the highest arrearages. In
5 2006, the average delinquent balance for a customer
6 that we targeted for termination by excavation was
7 well over Three Thousand Dollars.

8 Second is that in 2006 we terminated
9 approximately thirty-one thousand customers for
10 nonpayment shut offs. Of those thirty-one thousand
11 customers, only sixteen hundred were actually
12 terminated for nonpayment by excavation.

13 Prior to shutting anybody off, as I
14 explained previously, we do send out all the
15 prescribed regulated notices; the ten-day notice, the
16 seventy-two hour phone calls, the field visits if
17 necessary, and then the final field visit.

18 And if it's necessary if a customer
19 hasn't made an arrangement, we will go out there with
20 our crew prior to shutting off that service by
21 excavation, we knock on the door. And the purpose
22 for knocking on the door is that we really want to
23 shut the service off inside. We don't want to have
24 the customer have to incur additional reconnection
25 charges to restore service. So our crews do go up to

1 the doors. They knock on the doors. They explain to
2 the customers that they do need to get in to shut off
3 the service for nonpayment. Some customers will let
4 us in, and some customers will not let us in. Some
5 customers aren't home.

6 But at the end of the day, we're going
7 to do everything we can to gain entrance into that
8 house. In fact, 33 percent of the properties that we
9 visited to shut off service for termination by
10 excavation, the customers let us inside to shut off
11 the service.

12 Q. Let's turn to a different subject.

13 How do you respond to Mr. Geller's
14 criticism on page six of his surrebuttal that PGW's
15 payment arrangement guidelines for its customer
16 service representatives dictate how those
17 representatives must handle individual cases and do
18 so improperly?

19 A. Let me explain. First of all, those are
20 guidelines. Those are only one component of the
21 material that we provide to our representatives,
22 training documents that we provide to our
23 representatives of how to handle a phone call when
24 we're talking to a customer who has a delinquency
25 trying enter into a payment arrangement. They are

1 just guidelines. They are not scripted rules that
2 our representative must follow.

3 When our representatives talk to
4 customers on the phone, in fact, some customers, many
5 customers call us because they're in delinquency and
6 they want to enter into a payment arrangement. Some
7 customers we are doing our outbound calling and we're
8 actually contacting them. So when we contact the
9 customer, the first thing we do when we contact the
10 customer is we don't demand full payment. What we do
11 is we try to ascertain what their income and
12 occupancy is. We ask them directly what's your
13 income, what's your occupancy, because if a customer
14 indicates to us or if the income and occupancy they
15 indicate to us identifies that customer as a low
16 income customer, what we want to do is get them on
17 the CRP program if that's the most affordable
18 program.

19 So again, we're not demanding full
20 payment at that point. We want to understand where
21 the person falls as far as in relationship to the
22 Federal poverty limit. Based upon our conversations
23 with the customers and the information they pass on
24 to us during the course of the conversations, we
25 basically base the payment arrangement on that

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1 particular information.

2 Q. Is there a negotiation process?

3 A. There is a negotiation process. And we
4 don't demand full payment. There are certain
5 circumstances when we're outreaching customers we do
6 ask for full payment. But it is a negotiative
7 process. And it is based upon their income level,
8 their occupancy level and other information that they
9 pass along during the course of that conversation.

10 Q. Let's turn to Mr. Geller's testimony in
11 his surrebuttal with respect to the company's
12 proposed changes in its tariff. On pages seven and
13 eight of the surrebuttal Mr. Geller again is critical
14 of PGW's proposal to indicate that PGW's various
15 customer service rules will follow applicable law and
16 PGW policies. That's what we're proposing in the
17 tariff. Do you believe that's an inappropriate
18 phraseology to put in the tariff?

19 A. Did you say inappropriate?

20 Q. Inappropriate.

21 A. Inappropriate. No, I don't believe it's
22 inappropriate. I believe it's appropriate. The
23 intent here was to basically let our customers know
24 that there are policies, policies/procedures that
25 customer service operates under in order to implement

1 certain aspects of law and regulations. So this is
2 just to put them on that particular notice.

3 Q. Does the company recognize that all of its
4 policies have to be consistent with the law and the
5 PUC regulations?

6 A. Oh, absolutely. Any time when we're going
7 to implement a policy or even going to revise a
8 police, we review it extensively to make sure that it
9 is consistent with the regulations and the laws.
10 Many, if not all, utilities have policies and
11 procedures that they utilize in areas of customer
12 service and I'm sure other areas in business. We're
13 not different than any of these other utilities. And
14 again, we use these policies and procedures basically
15 to implement the applicable law.

16 Q. Is there a modification of that language
17 that you could propose that might meet a concern
18 about its meaning?

19 A. Yes, I do. I believe we could modify the
20 language regarding company policy. And we would be
21 willing to modify the references in the tariff to a
22 company policy to state that our policies follow the
23 applicable law and that if they do come under the
24 jurisdiction of the Public Utility Commission that
25 they do follow the rules and regulations of the

1 Commission.

2 Q. Let's turn to Mr. Colton's surrebuttal and
3 his proposal with respect to budget billing.

4 Again, Mr. Colton reiterates his
5 proposal that certain customers would be placed on
6 budget billing automatically in certain contexts if
7 they fall in arrears after November 1st of each year.
8 And he indicates that we haven't raised any valid
9 concern about this. Can you respond?

10 A. Yes, I can. I have responded with some
11 serious concerns that I have regarding Mr. Colton's
12 proposal. Mr. Colton's proposal is one where as soon
13 as a customer after November 1st misses a payment,
14 that they'll be automatically placed onto budget
15 billing. And I have several concerns here because
16 once someone misses a payment, they have a
17 delinquency. They're in arrears. And this proposal
18 to me is basically mandating another payment
19 arrangement for customers. And again, Act 201 speaks
20 to the number of payment arrangements a customer can
21 have.

22 One of the other issues with his
23 proposal is that he's stating that he wants those
24 arrearages placed into the budget billing amount.

25 And budget billing is designed to provide customers

1 who choose budget billing to spread their payments
2 evenly throughout the year. It's not designed to be
3 a payment arrangement.

4 Q. Are there any concerns with respect to the
5 financial implications of this proposal?

6 A. Yes, there are. There are some serious
7 concerns that this could have an impact upon our cash
8 flow at this time of year. Cash flow is very
9 important to us at this time of year. This is when
10 most of our, I'll say our highest gas bills become
11 due to our suppliers. So it's important that we are
12 collecting as much of our balances, our billings as
13 possible this time of year.

14 Q. Are your systems established today to
15 handle a proposal like this?

16 A. Our systems require modification
17 specifically the way budget billing is designed. So
18 this would have a financial impact upon PGW. We
19 would have to make changes to our customer
20 information system.

21 Q. In light of those concerns, do you have an
22 alternative suggestion?

23 A. I believe that Mr. Colton is very sincere
24 about his proposal. And we do have on board this
25 year as part of our collection program, a customer

1 segmentation study. We're preparing a collection
2 analytical tool. In fact, we would be willing to
3 basically analyze this program and prepare a report
4 for Mr. Colton and the Commission to establish if
5 this program has any feasibility or merit.

6 Q. Last area; Mr. Colton's proposal with
7 respect to electronic funds transfer.

8 Now in his surrebuttal testimony, he's
9 reiterated his position with respect to a proposal
10 where any customer at 250 percent of poverty or above
11 if they fell into arrears would be automatically
12 placed into electronic funds transfer. But then he
13 also suggested sort of what he claimed to be a middle
14 ground and said if that wasn't acceptable, then he
15 would consider a proposal where customers would be
16 offered electronic funds transfer in lieu of having
17 to pay a deposit when they applied for service. Do
18 you recall that?

19 A. Yes, I do recall.

20 Q. Can you respond, provide PGW's position
21 with respect to that proposal?

22 A. Yes, I can. His proposal still is not
23 entirely clear to me. However, his proposal seems to
24 be focusing on applicants, not customers. When an
25 applicant comes to PGW and is asking for service, we

1 do perform certain, do credit scoring on that
2 particular customer to see if it's necessary for that
3 customer to pay a deposit. It appears that his
4 proposal is that if that customer is to pay a deposit
5 based upon credit history, that we waive deposit in
6 lieu of that customer signing up for EFT, or what's
7 sometimes commonly known as auto pay or monies taken
8 out of your checking account.

9 Q. At this point based on the information
10 that you have, do you believe that would be a prudent
11 policy to implement?

12 A. I have concerns. I don't think it's a
13 prudent policy. My concern is before we rush to
14 place any policy into place, that we thoroughly
15 examine it.

16 PGW has improved its collections, in
17 my opinion, dramatically, over the last three to four
18 years. And we didn't improve our collections by
19 basically just trying a bunch of things and seeing
20 what worked best, we took a very prudent approach.

21 We basically looked at what the
22 concerns were, analyzed the situations, put pilot
23 programs into place. What we did is we did an
24 effective measurement of any program we did to
25 establish the feasibility, how much it would cost and

1 the effectiveness to our collection rate.

2 So I do have some serious concerns,
3 because when an applicant comes to PGW, Act 201
4 allows us to use industry credit scoring models in
5 order to perform a credit score on a customer to
6 determine if they're going to require a deposit.
7 Just because someone has the need, they're 250
8 percent above the federal poverty limit, does not
9 mean that they're not a credit risk.

10 When that applicant comes to PGW and
11 we perform that credit score, we don't know what
12 their credit score is. It tells our rep if a deposit
13 is required or not. If a deposit is required, we
14 want a deposit as part of that applicant's payment to
15 become a customer of PGW. Signing up for EFT does
16 mean that a customer is not a credit risk. You don't
17 have to be someone of low income to be a credit risk.
18 There are many people who certainly have incomes of
19 sufficient means and are above the 250 percent
20 threshold who are still credit risks.

21 Q. Is PGW considering or in the process of
22 implementing a proposal to provide EFT as an
23 alternative to deposits in any other situation?

24 A. Yes, we are. PGW performed a customer
25 segmentation study several years ago. And as part of

1 that particular study, one of the strategies for
2 basically addressing late payer customers, we
3 determined that we were going to establish a late
4 payer deposit program. And that program basically
5 would take a look at the customer's history. And
6 again, it wouldn't target our entire population. We
7 have many customers who pay late. We have to be very
8 careful in implementing that program.

9 And we're in the process of developing
10 an analytical tool -- we will be developing that
11 analytical tool in the next several months. So we
12 want to make sure that when we put that program in
13 place it's targeting customers who let's say have the
14 means to go onto an EFT, but it's targeting those
15 customers who are late payers as prescribed by
16 Chapter 56 which allows us to charge a deposit for
17 late payers. And part of that proposal is that we
18 will waive the deposit to those customers if they
19 agree to go onto an EFT program.

20 Q. And this is late payers, not applicants?

21 A. This would be the customers. These are
22 customers who have some level of an established
23 credit history with PGW. They haven't been turned
24 off or terminated as of this point. They are
25 actually customers. And that's basically the

1 difference between the proposal. When someone comes
2 to us in the applicant phase, we don't necessarily
3 have a credit history with them. We do a credit
4 score in order to establish the credit risk of that
5 customer. And if it is a credit risk, what we want
6 to do is we want to secure our payments.

7 Q. In light of that policy that PGW is in the
8 process of implementing, do you have a proposal or
9 counterproposal with respect to Mr. Colton's
10 suggestion in his surrebuttal testimony?

11 A. Yes, I do have a counterproposal. Again,
12 we will implement our program on the completion of
13 putting our analytical tool together.

14 Q. Your program being?

15 A. The late payer deposit program, what we're
16 calling the late payer deposit program. Once we
17 complete our analytical collection tool, we will go
18 ahead and begin to implement that late payer deposit
19 program. Once we have several months of established
20 history with that particular program, we plan on
21 preparing a report, analyzing our efforts to make
22 sure it's having the impact that we believe it's
23 going to have. And we're actually prepared to share
24 that report with Mr. Colton and the Commission, those
25 results, so we can see what the benefit of that

1 program is.

2 If that program has benefits or if it
3 doesn't have benefits, we can use our analytical
4 collection tool to basically look at Mr. Colton's
5 proposal for applicants and take it through that same
6 type of process where we analyze what the feasibility
7 of the program is, what the benefit is, and if we do
8 believe there could be a potential benefit,
9 implementing certain components or his program
10 entirely if it fits the bill.

11 MR. CLEARFIELD: Thank you. That
12 completes our rejoinder.

13 JUDGE FORDHAM: Who will be conducting
14 --

15 MR. BERTOCCI: Your Honor, I would ask
16 for a few minutes to confer with co-counsel.

17 (Whereupon, an off-the-record
18 discussion was held.)

19 JUDGE JONES: While we were off the
20 record, counsel for OTS had a personal catastrophe,
21 and OTS is no longer present. All parties understand
22 why they are no longer present. We hope that
23 whatever occurs, Mr. Kanaski will be safe and in good
24 health.

25 At this point we're ready for the

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1 cross- examination of Action Alliance, Mr. Bertocci.

2 MR. BERTOCCI: Thank you, Your Honor.

3 CROSS-EXAMINATION

4 BY MR. BERTOCCI:

5 Q. Good morning, Mr. Gyory.

6 A. Good morning.

7 Q. In your testimony you recognized that
8 Action Alliance's fundamental point is that nine
9 thousand customers without service at the beginning
10 of the cold winter period, residential customers
11 poses a serious problem; isn't that right?

12 A. I understand that's their point from their
13 testimony, that's correct.

14 Q. It's especially serious because forty
15 seven hundred of those customers are low income
16 customers, which are customers with household incomes
17 below 150 percent of poverty.

18 A. I think it's especially serious for any
19 customers. But I understand your point.

20 Q. You said that from the company's
21 perspective this is a balancing act in that you have
22 to balance the interest of the company against the
23 interest of the customers; is that right?

24 A. That's correct.

25 Q. You're satisfied that a satisfactory

1 balance has been struck with a situation where there
2 were nine thousand people without service at the
3 beginning of winter, residential customers?

4 A. Do I believe that's a satisfactory
5 balance, is that your question?

6 Q. Yes.

7 A. I don't necessarily believe it's a
8 satisfactory balance. But in the end, this is a
9 business and we're required to run it as a business.
10 And we're very sympathetic working with our
11 customers. We do everything we possibly can to
12 restore them. We've worked with the State to
13 establish the State grant program. We've worked with
14 the City in getting funding from the City to restore
15 these customers. We perform a large amount of
16 outreach. And at the end of the day, do I ever think
17 that it's a zero sum game where all customers are
18 going to be restored, no, because there's some
19 customers who are playing PGW. But there are other
20 customers who sincerely need help. And we do reach
21 out to them, but we haven't been able to get in touch
22 with everybody or people haven't come forward. It is
23 a balance at the end of the day in trying to get
24 customers restored.

25 Q. So I take that answer to be it's not a

1 satisfactory balance, but PGW feels incapable of
2 doing more. Is that a fair representation of your
3 position?

4 A. We're not incapable of doing more. We're
5 doing a lot. And again, we reach as many customers
6 as we can. I can't tell you why some customers we
7 reach out to don't come forward to have their gas
8 restored, especially when we establish a program like
9 the State grant program and people don't come forward
10 in order to restore their gas which would have been
11 at very minimal cost or none to those customers. So
12 it's hard to understand why certain customers don't
13 come forward to restore.

14 Q. The result of having nine thousand
15 customers without service at the beginning of winter,
16 and according to your testimony many without service,
17 many of them throughout the winter, that result is
18 one that the company itself has recognized requires
19 some further action on the company's part; isn't that
20 right?

21 A. We've taken further action, yes, to try to
22 restore these customers, that's correct.

23 Q. And the way you've tried to restore the
24 customers is rather than take different steps in
25 terms of payment agreements for getting service

1 restored, steps to perhaps reduce the number of
2 people that are terminated in the first place, the
3 steps that you have taken have been to try to raise
4 funds from the City or from the State to subsidize
5 the demands that the company is making for
6 reconnection of service?

7 A. Those are some of the steps we made in
8 addition to lobbying to the degree we can for
9 additional LIHEAP funding from the Federal
10 government.

11 Q. So I would take it that your position is
12 that after two years of nine thousand people without
13 service, that in terms of the procedures that PGW
14 has, the standards that you are applying for
15 reconnection terms, for payment arrangements, for
16 budget billing, many of the things that are discussed
17 in Mr. Geller's testimony and that you've talked
18 about to some degree in your rebuttal and in your
19 rejoinder, you would say you really don't believe
20 that those standards need to be changed?

21 A. I don't believe those standards need to be
22 changed. Many of these programs are designed to help
23 a number of different customers. There's programs
24 for our low income customers. They are some of the
25 best programs. Our CAP program, CRP program is one

1 of the best in the State. So again, we have over, I
2 believe, seventy-six, seventy-seven thousand
3 customers on the CAP program today. We've increased
4 our CAP rolls tremendously over the past year-
5 and-a-half, two years.

6 Q. Notwithstanding that fact, nevertheless it
7 is true that this year weren't there over three
8 thousand people that were CRP customers that were
9 terminated, did not have service at the time of
10 December of 2006?

11 A. I believe it was around three thousand,
12 that's correct.

13 Q. Weren't there about, I think fifteen
14 hundred, roughly, of verified low income customers
15 who are not CRP customers who did not have service at
16 that time?

17 A. That's correct.

18 Q. Moving to more specific things that you've
19 been talking about. You mentioned the issue of curb
20 valves. Isn't it true that if a customer is
21 fortunate enough to live in a house that has a
22 working curb valve, that they will never have to pay
23 an excavation fee if their service is shut off?

24 A. That would be true.

25 Q. And the excavation fee, just to remind

1 everyone, is Three Hundred and Seventy Two Dollars?

2 A. The excavation fee is Three Hundred and
3 Seventy Two Dollars, but that's not the actual cost
4 to the company to actually restore the service.
5 That's about one-eighth of the cost that it costs for
6 us to restore the service. It costs close to Twenty
7 Five Hundred Dollars to restore a service that's been
8 excavated for nonpayment.

9 Q. But you would recognize that Three Hundred
10 and Seventy Two Dollars is a pretty substantial
11 hurdle for a low income customer to overcome?

12 A. I do recognize it's a substantial hurdle.
13 But I also do recognize that we perform a large
14 outreach in attempting to contact these customers
15 prior to shutting them off for nonpayment. And if we
16 have to excavate, we have to excavate. This is not
17 something we take lightly. It's not like we're just
18 sitting back waiting to shut these people off. I've
19 spoken about the outbound calls. I've spoken about
20 the outreach, the regulated notices.

21 Again, I can't tell you why some
22 people don't come forward and don't allow us into the
23 house or make those arrangement, but nevertheless
24 they're not. And there are some customers as a
25 matter of recourse of business and of regulations

1 that we can shut customers off for nonpayment, if
2 they're not paying. And if we have to shut them off
3 by excavating, we will do that. As I stated before,
4 these customers owe on an average of excess of Three
5 Thousand Dollars. Some of these customers have used
6 other things to avoid us shutting them off for
7 nonpayment.

8 And again, they've used things that
9 are their right per regulations, whether it's medical
10 holds, but some customers are in bankruptcy. So
11 there are certain things that even preclude us from
12 being able to shut someone off for nonpayment if they
13 have particular circumstances that prohibit us from
14 doing that.

15 Q. But you recognize also that, you
16 recognized in your testimony that some people just
17 are not home at the time that you come to shut them
18 off; isn't that right?

19 A. That's correct. But those customers have
20 been given notice previously also.

21 Q. Isn't it also true that under Chapter 14
22 you no longer have to give them a twenty-four hour
23 notice -- forty-eight hour notice if the first time
24 PGW comes to shut them off they are not there and
25 there's no responsible person there, so they can

1 still be terminated at that time; isn't that right?

2 A. We follow the prescribed regulations. I
3 do understand that we no longer have to leave a
4 forty-eight hour notice. But we follow the
5 regulations. We do all the notices that we have to
6 do. And we go beyond that. We go beyond just the
7 regulated notices. We have unregulated campaigns
8 also.

9 Q. In the circumstances where you actually
10 make contact with customers, it's not just a matter
11 of contact, it's a matter of whether or not the
12 customer can meet the payment terms which PGW is
13 demanding; isn't that right?

14 A. That's correct.

15 Q. That brings us to the issue of your
16 payment arrangement, the PGW payment arrangement
17 guidelines. Those are the guidelines that are
18 contained or attached as an exhibit to Mr. Geller's
19 testimony, Statement No. 1. That's at page eight of
20 the exhibits.

21 A. I'm familiar with the guidelines.

22 Q. You said that those guidelines are, quote,
23 only guidelines; is that right?

24 A. That's correct. They are guidelines.

25 That's actually what I would call a training aide,

1 something that is on the desktop of the
2 representative that allows them to reference that
3 material during the course of a conversation. But
4 it's by no means the complete documentation that we
5 provided to our customer service representatives that
6 tells them the completeness when handling a call with
7 a delinquent customer and we're trying to enter a
8 payment arrangement.

9 Q. Isn't it true that in our informal
10 discovery you referred to the payment arrangement
11 guidelines as the CSR, customer service
12 representative's bible?

13 A. I can't remember using that phrase. But
14 if you're saying I did somewhere along the line,
15 subject to check then perhaps I did.

16 Q. You'd agree that this is a very succinct
17 reference that's easy for customer service
18 representatives to use, wouldn't you?

19 A. It's very straightforward. It gives them
20 guidelines. It's a reference to basically bridge the
21 gap on what they've been trained and maybe what they
22 remember so they can complete the call as necessary.

23 Q. One of the things you said is that if a
24 customer indicates at the beginning of the
25 conversation that under the guidelines the customer

1 service rep is required to get income and household
2 composition information at the beginning of the
3 contact; is that right?

4 A. Yes, that's correct. One of the first
5 things we do is establish the income and occupancy so
6 we know where they stand as far as what level they
7 are with the payment arrangement guidelines and
8 regulations.

9 Q. You say that, in fact, if at the point of
10 which they get the information that the person is a
11 low income household that immediately -- I think you
12 used the term immediately -- the customer service
13 representative is supposed to then inquire about
14 enrolling them in CRP; isn't that right?

15 A. Yes. There are several things a customer
16 service representative will do. In fact, when we get
17 the information we're also looking at the account to
18 establish if they had been previously on CRP and what
19 type of agreements they had. So again, they give us
20 information or they're stating they are CRP eligible.
21 We walk through that process. And, in fact, if they
22 are potentially CRP eligible, as you are aware of,
23 that there is certain information they're required to
24 give to the company in order to register for the
25 program. And they can either do that in person by

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1 going to one of our offices, or they can send it in.

2 Q. But you would concede that on these
3 guidelines there's no reference to CRP among any --
4 no reference to inquiring or to making a referral to
5 CRP as part of these guidelines?

6 A. Again, as I state,d, it's a training aide.
7 It's not the complete training a representative has
8 seen. I'm familiar with the training material that
9 they're trained with. And they are required to
10 obtain that income and occupancy information. And
11 again, our intent is that if a customer is a low
12 income customer and are eligible for the program, we
13 want them on this program because it's going to be
14 the most affordable program for them. But as you
15 also know, there are some customers who are low
16 income that fall within the CAP CRP program where
17 sometimes the CRP is not the most affordable program
18 for them.

19 MR. CLEARFIELD: Can I ask at this
20 point, is there a page, Your Honor, that Mr. Bertocci
21 is referring to?

22 MR. BERTOCCI: I'm referring to the
23 Exhibit page 8 of Statement No. 1.

24 MR. CLEARFIELD: The page numbers are
25 on the bottom of that.

1 MR. BERTOCCI: It's HSG Exhibit 5.
2 The easiest way to get to it is by looking at the
3 page numbers on the exhibit.

4 BY MR. BERTOCCI:

5 Q. You recognize that you have a customer
6 base of as much as approximately a hundred and fifty
7 thousand customers that potentially could be CRP
8 eligible; is that right?

9 A. Yes, there's approximately a hundred fifty
10 thousand customers that are potentially identified as
11 low income customers.

12 Q. And right now there are around seventy
13 five thousand customers that are enrolled in CRP,
14 right?

15 A. That's correct. But just because a
16 customer has been identified as low income, household
17 has been identified as low income, we haven't
18 identified that household as a heating household
19 necessarily. And as you're aware, there's other
20 programs that we have that help bridge the gap for
21 customers. We have a senior citizens program which I
22 don't know the exact enrollment, but I believe it's
23 somewhere around fifty thousand customers at this
24 time. And we believe that many of those customers
25 would be on our CRP program if there wasn't a senior

1 citizens program.

2 Q. For the number of low income customers
3 that you have, don't you think that a reference to
4 CRP on your payment arrangement guidelines would be
5 merited?

6 MR. CLEARFIELD: Your Honor, I'm going
7 to object. It's a mischaracterization of Mr. Gyory's
8 testimony. He said that if the income information
9 indicated that the customer was eligible for CRP, he
10 was immediately put into that -- they're instructed
11 to put them in the program. So the payment
12 arrangement guidelines do include that. And if you
13 look at that sheet, there's references to CRP on the
14 sheet in various places. So it's not as if CRP is
15 not included. So it's a mischaracterization.

16 MR. BERTOCCI: My questions go to the
17 issue of why a reference to CRP at the top of the
18 page, which are the first things that the customer
19 service representative is supposed to do when
20 receiving a call, why it does not contain a reference
21 to CRP given the fact that it would seem if that was
22 standard procedure, that you would expect to find
23 that on the payment arrangement guidelines right at
24 the top of the page.

25 MR. CLEARFIELD: That's clearer.

1 JUDGE JONES: It's a clearer question.
2 You may answer, Mr. Gyory.

3 THE WITNESS: This is a shrunken down
4 version of the guidelines, okay. The guidelines, I
5 actually have a copy on my desk that I need to refer
6 to it. And it's about this big, and it's in color.

7 MR. CLEARFIELD: Let the record show
8 that he's holding his hand --

9 JUDGE FORDHAM: Thank you.

10 THE WITNESS: I caught a fish like
11 this yesterday.

12 But it's actually this large and it's
13 in color. It's not something where someone has to
14 squint their eyes and see what they have to do.

15 And again, our reps are trained
16 extensively regarding what to do with these
17 particular customers.

18 And again, I recall very few
19 complaints from the Public Utility Commission of us
20 not entering a customer into the CRP when they're
21 eligible.

22 So I don't think that it's not duly
23 noted on here. We are doing everything that needs to
24 be done to get these customers onto a program when we
25 can.

1 MS. TRAN: Your Honor, just in case
2 you're having a hard time reading, we did enlarge it
3 on pages nine and ten, enlarged it on two other
4 pages.

5 JUDGE JONES: Thank you. I was aware
6 it continued.

7 MR. BERTOCCI: Thank you, Mr. Gyory.
8 That's all we have.

9 JUDGE JONES: Thank you, Mr. Bertocci.
10 I believe OCA does not have any cross
11 for this witness; is that correct?

12 MS. APPLEBY: Yes, Your Honor, we do
13 not have any questions.

14 CROSS-EXAMINATION

15 BY JUDGE JONES:

16 Q. I have a couple questions for you, Mr.
17 Gyory, and they're all in reference to your
18 rejoinder, and all in reference to your rejoinder
19 about Mr. Colton, and all in reference to
20 alternatives you've proposed. You've proposed two
21 alternatives, one in reference to Mr. Colton's point
22 about putting people onto budget billing, and one in
23 reference to Mr. Colton's point about EFT, or auto
24 pay is what you said. And you said that there would
25 be some type of analysis of a program and you will

1 provide a report, you said to Mr. Colton, I'm
2 assuming you meant the Office of Consumer Advocate as
3 well as the Commission; is that correct?

4 A. That's correct.

5 Q. I guess what I'm trying to get my hands
6 around is, I'm aware that the company is also looking
7 at upgrading their billing collection program; is
8 that correct?

9 A. Yes. We have been looking at replacement
10 of the system. We haven't decided when we're doing
11 that. We're still under investigation of the
12 replacement of the system.

13 Q. One of the alternatives that you said you
14 were looking at for the EFT was this, you referred to
15 it as late payer program, late payer deposit program?

16 A. Yes, that's correct. The LPD, the late
17 payer deposit program.

18 Q. Is that going to be separate and distinct
19 from the upgrade to the billing system?

20 A. That's correct. That is something that we
21 can already do. The reason we have not implemented a
22 late payer deposit program, there was a customer
23 segmentation analysis that was performed several
24 years ago. And it was performed on a representative
25 sample of our customers. And we basically performed

1 the segmentation analysis to determine if there were
2 distinct groups of customers within our base that we
3 could perhaps take different collection strategies on
4 to improve our collection rate.

5 What we saw was there was one group of
6 customers who were, they were late payers. And
7 again, the Chapter 56 regulations allow us to
8 basically assess a customer a late payer deposit if
9 they've missed two consecutive payments in twelve
10 months or three payments in twelve months. Well, I
11 would tell you that we have a lot of customers that
12 meet that particular case. And just to implement a
13 program based upon the criteria of people missing two
14 bills, two consecutive bills in twelve months, or
15 three in twelve months, there would be many customers
16 who perhaps wouldn't have the ability to enter into
17 an auto pay program because they have not had an
18 established checking account.

19 So what we've done, and we are
20 currently in the process of awarding the contract to
21 a vendor to develop an analytical collection tool
22 that will allow us to take all our customers and
23 analyze the difference between these customers and
24 understand what segment or what the risk profile of
25 those customers. We then can design this late payer

1 program to target the appropriate customers for the
2 treatment of late payer deposit.

3 And I would agree with Mr. Colton that
4 the customers that we're targeting are probably those
5 customers that will be above 250 percent of the
6 Federal poverty level. But there is a distinction
7 between what he is saying and the program that we're
8 offering. His is for an applicant. Ours is for
9 customers and something that we can do to regulation
10 today.

11 Q. Thank you for your explanation.

12 And in reference to the proposal for
13 the budget billing, your proposal is separate and
14 distinct from the upgrade for the billing collection;
15 is that correct?

16 A. Yes. Again, through this whole customer
17 segmentation analysis, the purpose of the customer
18 segmentation analysis isn't one dimensional. It's
19 to, again, to understand the risk profile of our
20 customers and develop collection treatments that are
21 more appropriate for those groups of people. I mean
22 today we basically, I'm going to say put everybody
23 through the wash. Once you're delinquent and we've
24 tried to contact you outside the regulated capacity,
25 we enter you into the regulated stream of notices.

1 I basically would not argue but I
2 would proffer that there are some customers that
3 don't have to go through that process. And if we can
4 develop other collection strategies, we can improve
5 our operational efficiencies by not sending all these
6 notices, by not making all these phone calls, but by
7 performing some other collection activity that will
8 enable that customer to pay or drive that customer to
9 not making a late payment.

10 So again, this whole analytical
11 collection tool is to develop a risk base profile
12 across our customer base so we can understand better
13 ways to perform collection activity for our
14 customers.

15 JUDGE JONES: Thank you, Mr. Gyory.
16 That ends my questions, sir.

17 MR. CLEARFIELD: Can we just have a
18 couple minutes?

19 JUDGE JONES: Yes, you may take a
20 couple minutes to confer.

21 (Off the record.)

22 JUDGE JONES: We are back on the
23 record. Mr. Clearfield.

24 REDIRECT EXAMINATION

25 BY MR. CLEARFIELD:

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1 Q. Mr. Gyory, you had a couple questions with
2 respect to the forty-eight hour notice, maybe one.
3 Would you clarify when the forty-eight hour notice is
4 needed to be provided and when it's not?

5 A. Yes. I stated that it's no longer
6 required, but that was not true. The forty-eight
7 hour notice is still required to be delivered if
8 we're seeking to terminate a customer between
9 December 1st and March 31st. So again, we're
10 required to leave a forty-eight hour notice in that
11 period.

12 Q. And in certain circumstances, does PGW
13 have that authority to terminate in the winter?

14 A. Yes, we do. Under Act 201 we do have that
15 authority, that's correct.

16 Q. With respect to contact, I just want to
17 make sure this was clear. If a person is at home and
18 the service personnel reached them at home for a
19 termination that would have to be a dig up, even if
20 they do not pay the full amount due at that time, can
21 they still avoid the dig up as a way in which the
22 service could be terminated?

23 A. Yes, they can. They can provide us access
24 to the property and we can go inside the property and
25 shut off inside. We prefer to shut off inside.

1 Q. There was some discussion about the
2 results of the cold weather survey as of December of
3 2006, and the number nine thousand was the result of
4 that survey. And you also indicated that there are
5 efforts that PGW made subsequent to that point to
6 attempt to reconnect those customers. Do you have
7 any data that would indicate how successful those
8 efforts are?

9 A. Yes. Again, we do perform additional
10 outreach in January similar to the requirement by the
11 cold weather survey. And we do measure our results
12 through the winter. And approximately when we get to
13 March 1st of the year, over the past two years we had
14 somewhere between, it was somewhere between five
15 thousand and fifty-five hundred customers who were
16 still off, approximately were still off. So we did
17 substantially reduce the numbers. And I actually
18 looked at the numbers this morning, and less than
19 half of those were low income customers.

20 Q. Again, just to be clear, you had some
21 conversations about the guidelines that are provided
22 to customer service representatives and they're
23 included in Mr. Geller's testimony. You mentioned
24 that the reps are instructed to reference CRP for
25 customers that are low income. Is there any other

1 document that instructs them to do that?

2 A. Yes, actually in the training document we
3 actually train them to do that. But there's actually
4 a script. It's part of the script of what they're
5 required to ask the customer. And as I stated, one
6 of the first things they're required to ask is their
7 income an occupancy. And once that is identified,
8 they're identified as being CRP CAP eligible, we
9 instruct the customer what they need to do to get on
10 the CAP program.

11 Q. And with respect to the guidelines that
12 were discussed, is CRP mentioned on those guidelines?

13 A. Oh, absolutely. Maybe not as prominently
14 as Mr. Bertocci would like. But again, when looking
15 at the guidelines on page nine when they're blown up
16 a little bit larger and it says terms, if you look
17 under level one which are those customers who are
18 below 150 percent of the Federal poverty level, the
19 first item under the terms is; enter CRP unless a
20 PAR, payment arrangement is more affordable. So
21 again, they are instructed what to do if they meet
22 that level of poverty.

23 MR. CLEARFIELD: That's all I have.

24 Thank you.

25 JUDGE JONES: Mr. Bertocci?

1 MR. BERTOCCI: I have no questions.

2 MR. LAWRENCE: Your Honor, as a result
3 of your questions to the witness and then questions,
4 responses thereto, the OCA does have a few questions
5 for Mr. Gyory.

6 JUDGE JONES: You know what, I thought
7 that would occur. Go ahead, Mr. Lawrence.

8 MR. LAWRENCE: Thank you, Your Honor.

9 CROSS-EXAMINATION

10 BY MR. LAWRENCE:

11 Q. Good morning, Mr. Gyory. I'm Darryl
12 Lawrence. I represent the Office of Consumer
13 Advocate in this proceeding.

14 Do you happen to have a copy of Mr.
15 Colton's surrebuttal testimony there in front of you?

16 A. I'm sure we can get one if I don't.

17 Q. If you could please turn to page fourteen
18 of that testimony and specifically look at line
19 sixteen. Are we there?

20 A. Yes.

21 Q. At line sixteen, Mr. Gyory, would you
22 agree with me that Mr. Colton is referencing therein
23 to delinquent customers?

24 A. Yes, he is referencing delinquent
25 customers.

1 Q. Would you also focus your attention down
2 to line nineteen. Would you also agree with me there
3 that Mr. Colton is also making a reference to
4 delinquent customers?

5 A. Yes, I would.

6 Q. Thank you. One other question.

7 You had made reference to the fact
8 that PGW is willing to construct certain reports as
9 to the budget billing issue and also as to the
10 electronic funds transfer issue as the company goes
11 forward and analyzes those two areas. Would you have
12 any idea at this time, could you provide us with some
13 type of time table as to when you believe those
14 reports may be available to the Commission and also
15 to the OCA?

16 A. Well, I will say that it will take
17 approximately to the end of the year until we have
18 the analytical model built and tested and ready to
19 go. Once we do that and we take all our customers
20 and we evaluate the risks, we're going to start to
21 develop those programs. I will tell you that one of
22 the programs out of the box will be the late payer
23 deposit program because it's something that we
24 identified before and we identified the business
25 requirements for. So I would say somewhere after the

1 1st of January we will implement a late payer deposit
2 program.

3 And to be fair, I will tell you it
4 takes a good three to four months from the time of
5 implementation that we can start seeing some
6 measurable results. So if I'm thinking in broad
7 scopes of time, then I would say somewhere around
8 June, July of '08 that we would be able to issue a
9 report that would have substantial data to indicate
10 if the late payer deposit program is working as we
11 thought, or at least we'd have results to see how
12 well it was working.

13 But that's not going to stop. We're
14 not just going to do that one program. So again,
15 we'll be putting that program into play. And again,
16 we can analyze the budget billing option, again, once
17 we have the analytical model built. And again, I
18 think that's something new being proposed. So we'll
19 have to analyze it and look at the feasibility of
20 establishing a program. Does the program require any
21 system changes, okay. There are other things we're
22 doing at PGW. Are the resources available to do the
23 program. We will analyze that and see if there is
24 any potential benefit to PGW and the customers to
25 have such a program.

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1 So again, in fairness and knowing how
2 things work from the time perspective, I would say
3 again, probably by the second quarter of '08,
4 calendar year '08 could we have something ready to go
5 and prepare some data for you.

6 MR. LAWRENCE: Thank you very much.
7 We have no further questions for this witness, Your
8 Honor.

9 JUDGE JONES: Thank you, Mr. Lawrence.
10 Mr. Clearfield?

11 FURTHER REDIRECT EXAMINATION

12 BY MR. CLEARFIELD:

13 Q. I just wanted to clarify with respect to
14 both of those programs. Are they contingent in any
15 respect on the placement of the current billing
16 system, or can they go forward without that?

17 A. Both programs could go forward without
18 that. The EFT program is pretty much separate from
19 the billing system. Whereas the budget billing could
20 go forward without the replacement of the system, but
21 it would require system modifications.

22 MR. CLEARFIELD: That's all.

23 JUDGE JONES: Mr. Bertocci?

24 MR. BERTOCCI: I have no questions.

25 Thank you.

1 JUDGE JONES. Mr. Gyory, thank you for
2 your presence, sir. You are excused.

3 THE WITNESS: Thank you.

4 (Witness excused.)

5 MR. CLEARFIELD: I move for admission
6 of Mr. Gyory's Statement 6 and 6R.

7 JUDGE FORDHAM: We have the direct and
8 rebuttal testimony of Mr. Gyory and the accompany
9 exhibits.

10 MR. CLEARFIELD: Yes, to the
11 testimony.

12 JUDGE FORDHAM: Are there any
13 objections?

14 Hearing none, they are so admitted.

15 MR. CLEARFIELD: Thank you, Your
16 Honor.

17 (Whereupon, the documents marked as
18 PGW Statement Nos. 6 and 6R for identification were
19 received in evidence.)

20 JUDGE JONES: We have a matter in
21 reference to the Philadelphia Archdiocese. Mr.
22 Clearfield, do you have a motion?

23 MR. CLEARFIELD: Yes, Your Honor. In
24 light of the fact that the Archdiocese has not
25 appeared at the hearings, has not prosecuted its

1 complaint against PGW and having the opportunity to
2 do so, reluctantly PGW would move to dismiss the
3 complaint with prejudice.

4 JUDGE JONES: Was it a petition?

5 MR. CLEARFIELD: Was it a petition to
6 intervene?

7 JUDGE JONES: Just a petition to
8 intervene.

9 MR. CLEARFIELD: Forgive me. Then I
10 would ask that their intervention status be denied
11 and that the petition be denied.

12 JUDGE FORDHAM: I would also add to
13 the information that has been provided by Mr.
14 Clearfield, that we confirmed the procedure schedule
15 on March 9th of 2007, and that is the date that the
16 Archdiocese filed a petition to intervene. According
17 to the Commission's regulations, when a party comes
18 into the proceeding after the prehearing conference
19 has been held and after procedure schedule has been
20 established, they accept what has already been
21 established.

22 By electronic mail dated March 23rd
23 2007, the parties directed the Archdiocese to provide
24 a prehearing memorandum by March 30th. And at that
25 time we also gave our prehearing order four which

1 granted the petition to intervene.

2 We had not received a prehearing
3 memorandum by April 3rd, so we requested it again.
4 And there was a request by the Archdiocese to have an
5 extension of time to file direct testimony. We did
6 grant that extension of time until April 9th of 2007,
7 and the Archdiocese provided two pieces of testimony;
8 a Mr. Magee and a Ms. Mondre. We have not heard from
9 the Archdiocese with respect to submission of those
10 documents.

11 In addition, when I sent out the
12 cross-examination matrix asking whether anyone wanted
13 to cross-examine, we did not receive anything from
14 Mr. Levine, who is counsel for the Archdiocese.
15 However, subsequently there were Interrogatories
16 filed, and we had a discussion on Monday morning
17 about those Interrogatories. Mr. Levine was not here
18 to respond to the information provided by Mr.
19 Clearfield.

20 Based on the fact that active parties
21 are required to participate and we did have what we
22 thought was participation by the filing of the
23 testimony but there has been no response after that,
24 the motion of Mr. Clearfield is granted.

25 MR. CLEARFIELD: Thank you.

1 JUDGE JONES: In light of the grant of
2 the motion for PGW, we envision that the parties do
3 not have to send briefs or require briefs to the
4 Archdiocese.

5 Are there any other matters that the
6 parties wish to bring before us today?

7 MR. CLEARFIELD: Your Honor, the one
8 complication as a result of the events of this
9 morning is that we had a stipulation with OTS that we
10 were working on. Frankly, at this point I'm not sure
11 whether we're going to be able to complete that by
12 tomorrow. I would ask your indulgence on that. We
13 will certainly try to work on that tomorrow with Ms.
14 Kaster or whoever from OTS will be filling in. But
15 under the circumstances, I'd ask that if we can't do
16 that by tomorrow that we'd be given an extension to
17 try to complete that and submit it for the record.

18 JUDGE FORDHAM: And which testimony
19 was that regarding?

20 MR. CLEARFIELD: It actually doesn't
21 affect the testimony as much as it's a stipulation
22 with respect to the bad debt expense agreement
23 between OTS and OCA as to the calculation of bad debt
24 expense for proforma expense purposes.

25 JUDGE JONES: We're off the record.

1 (Whereupon, an off-the-record
2 discussion took place.)

3 JUDGE JONES: Mr. Clearfield, we'll be
4 sensitive to your request as well as the sensitivity
5 of what occurred for OTS. And we have agreed to give
6 you until next Friday.

7 MR. CLEARFIELD: Thank you.

8 JUDGE JONES: In order to get that
9 back to us. So that would be June 1st 2007 at close
10 of business, 4:30.

11 MR. CLEARFIELD: Thank you, Your
12 Honor.

13 JUDGE JONES: Therefore, you do not
14 have to -- if you can do it before that, we would
15 enjoy that.

16 MR. CLEARFIELD: We'll try to.

17 JUDGE JONES: Is there anything else
18 that the parties wish to bring?

19 Hearing none, we thank you for
20 expeditiously -- our expectations were a little
21 dashed when we saw the list of witnesses -- but we
22 thank you for your hard work in coming to agreement
23 on some things, stipulating to some things. It was
24 an enormous help. We thank you for your
25 participation in all of the events that have

1 occurred, not just today, but in all of the days;
2 Monday through today. And we look forward to
3 receiving your briefs and argument on this case.

4 Thank you so much for participating.

5 We are adjourned.

6 (Whereupon, the hearing was concluded at
7 11:18 a.m.)

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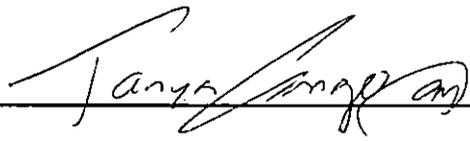
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C E R T I F I C A T E

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

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