

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

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 :  
Pennsylvania Public Utility Commission : Docket No.  
v. National Fuel Gas Distribution : R-00061493  
Corporation :  
 Filed Supplement No. 61 to Tariff Gas - :  
 PA PUC No. 9 to become effective July 30. :  
 2006. Total amount of increase: \$25,892,000: :  
 or 6.1 % based upon a future test year :  
 ending January 31, 2007. Total number of :  
 customers: 214,625. Area served: Certain :  
 Cities, Boroughs, and Townships in the :  
 Counties of Armstrong, Butler, Cameron, :  
 Clarion, Clearfield, Crawford, Elk, Erie, :  
 Forest, Jefferson, McKean, Mercer, Venango: :  
 and Warren.

Public Input Hearing.

RECEIVED  
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 PA PUC  
 SECRETARY'S BUREAU

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 Pages 392 through 481 Farrell City Hall  
 500 Roemer Boulevard  
 Farrell, Pennsylvania  
 Tuesday, August 29, 2006

**DOCKETED**  
SEP 11 2006

Met, pursuant to notice, at 7:00 p.m.

BEFORE:

JOHN H. CORBETT, JR., Administrative Law Judge  
MARK A. HOYER, Administrative Law Judge

APPEARANCES:

ANTHONY D. KANAGY, Esquire  
Post & Schell, PC  
17 North Second Street  
Harrisburg, Pennsylvania 17101-1601  
(For National Fuel Gas  
Distribution Corporation)

**DOCUMENT  
FOLDER**

**ORIGINAL**

**Commonwealth Reporting Company, Inc.**  
700 Lisburn Road  
Camp Hill, Pennsylvania 17011

## APPEARANCES (Continued):

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Harrisburg, Pennsylvania 17101-1923  
(For the Office of Consumer Advocate)

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Harrisburg, Pennsylvania 17101  
(For the Office of Small Business Advocate)

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(For the Office of Trial Staff)

**Commonwealth Reporting Company, Inc.**

700 Lisburn Road  
Camp Hill, Pennsylvania 17011

WITNESS INDEX

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(None.)

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P R O C E E D I N G S

1  
2 ADMINISTRATIVE LAW JUDGE JOHN H. CORBETT, JR.: This  
3 is the time and place that the Pennsylvania Public Utility  
4 Commission has set aside for a public input hearing on the  
5 base rate filing of National Fuel Gas Distribution  
6 Corporation at Docket Number R-00061493.

7 My name is John Corbett. Beside me is  
8 Administrative Law Judge Mark Hoyer. We are the  
9 Administrative Law Judges that the Commission has assigned  
10 to preside over the hearings and to render a recommended  
11 decision for the Commission to consider in this case.

12 At this time, we want to introduce to you some of  
13 the people involved in this case. To our far right on the  
14 other side of the court reporter is Anthony Kanagy, the  
15 attorney for National Fuel Gas Distribution Corporation.  
16 To my immediate left is Robert Eckenrod, the attorney for  
17 the Office of Trial Staff from the Commission. Next to Mr.  
18 Eckenrod is Sharon Webb, the attorney from the Office of  
19 Small Business Advocate, and to Ms. Webb's left is Darryl  
20 Lawrence, the attorney from the Office of Consumer  
21 Advocate.

22 JUDGE HOYER: We want to take a minute to summarize  
23 for you what this case is about. On May 31st, 2006, NFG  
24 filed a supplement to it's tariff proposing to increase  
25 it's rates by \$25.8 million, or 6.1 percent over present

1 revenues. The company proposed that the rate increase  
2 become effective on or about July 30th, 2006.

3 For residential customers, NFG proposed an overall  
4 increase in rates of 6.1 percent. This would mean that a  
5 residential customer using 100 mcf of natural gas annually  
6 would see his or her average bill rise from \$143.94 per  
7 month to \$153.83 per month, or by 6.9 percent.

8 As part of this increase, the company proposed a 72  
9 percent increase in the monthly customer charge for  
10 residential service. If the Commission approves the  
11 proposed rates, the monthly customer charge for residential  
12 service will increase from \$12 to \$20.64.

13 After a preliminary investigation, the Commission  
14 suspended NFG's proposed tariff supplement until March 2nd,  
15 2007 by Order entered on July 20th, 2006 and assigned this  
16 case to the Office of Administrative Law Judge for further  
17 investigation and hearings.

18 A prehearing conference was held on August 3rd, 2006  
19 where the parties established a litigation schedule. Public  
20 input hearings were held yesterday in Erie. We held an  
21 afternoon and evening session. We held an afternoon public  
22 input hearing in Meadville today. We are here tonight, and  
23 tomorrow afternoon, we have a final public input hearing in  
24 Franklin. Technical evidentiary hearings will be held in  
25 Harrisburg beginning October 17th, 2006.

1           After the parties file their briefs, Judge Corbett  
2 and I will issue a recommended decision by December 22nd,  
3 2006. By law, the Commission must issue it's decision by  
4 March 2nd, 2007.

5           The parties in this case include the Commission's  
6 Office of Trial Staff, the Office of Consumer Advocate, the  
7 Office of Small Business Advocate and the Community Action  
8 Association of Pennsylvania.

9           JUDGE CORBETT: Tonight's public input hearing  
10 is important because we want to obtain your thoughts in  
11 this case. We want to hear from those people most affected  
12 by the current company proposal, and that is you, the  
13 customers. We want to hear what you have to say about this  
14 matter.

15           Your testimony will have a direct bearing on any  
16 settlement that the parties may propose, or if the parties  
17 are unable to achieve a settlement, the Commission will  
18 consider your testimony when deciding the merits of this  
19 case.

20           With this background in mind, let me ask any of the  
21 individuals whom we introduced earlier whether they wish to  
22 make a statement before proceeding further with the  
23 hearing.

24           Mr. Kanagy?

25           MR. KANAGY: Thank you, Your Honor. Good evening,

1 everyone. I am here on behalf of National Fuel Gas  
2 Distribution Corporation.

3 As you are aware, the subject of the hearing today  
4 is the proposed rate increase by the company. As an  
5 overview, there are two kinds of rate cases that gas  
6 companies in Pennsylvania can file for. The first is to  
7 recover the cost of gas itself and the second is called  
8 cost of service, or, in effect, the cost of delivering the  
9 gas to the customer. This case involves the cost of  
10 service, is a cost of service case, so the cost of gas  
11 itself is not at issue in this proceeding.

12 I would note that if you have individual questions  
13 or concerns regarding your account, there is a  
14 representative from the company here. That representative  
15 is not here to testify, but to listen to your concerns and  
16 answer your questions tonight, if he can, about your  
17 individual accounts or get back to you. He's over to the  
18 left side here, my left. If you have individual questions,  
19 please speak to the gentleman standing up right now.

20 This forum presents an opportunity for you to  
21 express your views with regard to the company's proposed  
22 rate increase. We welcome your comments and thank you for  
23 coming.

24 JUDGE CORBETT: Mr. Eckenrod.

25 MR. ECKENROD: Thank you, Your Honor. As indicated

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1 by the Judge, my name is Robert Eckenrod and I am here on  
2 behalf of the Commission's Office of Trial Staff.  
3 Basically the Office of Trial Staff is a semi-independent  
4 arm of the Commission. It's charged with representing the  
5 public interests in proceedings such as this.

6 I currently have a team of experts. We have  
7 financial analysts, accountants, engineers and so forth  
8 that are reviewing the filing to determine whether the  
9 increase is warranted or if there are any adjustments that  
10 are warranted in this filing. We also have been reviewing  
11 your complaints, formal in informal complaints, to  
12 determine whether any other adjustments are necessary.

13 As indicated by the other counsel, it is important  
14 that we hear your testimony tonight on the record so that  
15 we may use that, if necessary, in the proceeding.

16 Thank you for coming out, and I look forward to  
17 hearing each one of you.

18 JUDGE CORBETT: Mr. Lawrence.

19 MR. LAWRENCE: Thank you, Your Honor. As Judge  
20 Corbett said, my name is Darryl Lawrence. I'm an attorney  
21 and I work for the Pennsylvania Office of Consumer  
22 Advocate. The OCA is a state agency although we are  
23 attached to the Consumer Protection Bureau of the Attorney  
24 General's Office of Pennsylvania.

25 We represent the individual ratepayers, all of you

1 that are sitting here tonight, in proceedings before the  
2 Pennsylvania Public Utility Commission, the appellate  
3 courts of Pennsylvania and administrative proceedings at  
4 the federal level for anything that has to do with utility  
5 rates and regulations.

6 We have retained a team of outside experts to  
7 analyze NFG's proposed rate increase. We have filed a  
8 formal complaint in this case, and at the appropriate time  
9 in this proceeding, we will give our written recommendation  
10 to the Public Utility Commission on how we believe this  
11 matter should be resolved.

12 Tonight is about you. We really need to hear your  
13 thoughts, your opinions and your concerns about NFG's  
14 proposed rate increase. So, please testify on the record  
15 so that your opinions can be heard and then they can  
16 ultimately be used by the Administrative Law Judges when  
17 they reach their decision on this matter.

18 After the hearing is over, if any of you have any  
19 questions about this case or utility matters in general, I  
20 know these are complex issues, I will be here and I will  
21 speak to as many of you as -- for as long as it takes. If  
22 anyone wants to see me afterwards, please feel free to look  
23 me up. I appreciate you coming out.

24 JUDGE CORBETT: Thank you. Ms. Webb.

25 MS. WEBB: Thank you, Your Honor. Good evening

1 everyone. My name is Sharon Webb and I am here on behalf  
2 of the Office of Small Business Advocate. Our office  
3 represents the interests of small business customers in  
4 rate proceedings such as this before the Commission and the  
5 courts.

6 Our office also filed a complaint and is  
7 investigating the filing. We have an economist who will  
8 help us evaluate the figures and ultimately file testimony  
9 and participate in this proceeding.

10 Tonight is about you, and we are here to listen to  
11 your issues. I encourage you, as counsel has done, to  
12 testify under oath so we can understand your issues and use  
13 them to assist in our evaluation of the matter.

14 I will also stick around after the proceeding if  
15 anybody any questions, business concerns. I have business  
16 cards available. If you want to talk later, that's fine,  
17 but thank you all for coming and I look forward to your  
18 testimony.

19 JUDGE CORBETT: Thank you.

20 JUDGE HOYER: Previously we placed outside the rear  
21 doors, sign-in sheets for people who wish to testify. You  
22 were to place your name, address and telephone number on  
23 those sheets. When called, you will be asked to come  
24 forward to the podium to testify.

25 The Commission's policy regarding public input

1 hearings gives you three options. Option one, you may  
2 testify formally under oath or affirmation and be subject  
3 to cross examination.

4 Option two, you may make an unsworn or unaffirmed  
5 statement. Your statement will be off the record and it  
6 will be not be subject to cross examination. The court  
7 reporter will not transcribe your statement and neither we  
8 or the Commission will consider it in any decision.

9 Your third option, you may provide information to  
10 the parties here off the record after the hearing for their  
11 possible use at their discretion in any further evidentiary  
12 hearings.

13 JUDGE CORBETT: As some of the attorney have  
14 indicated earlier, we strongly urge you to testify under  
15 oath so we and the Commission can review your testimony to  
16 the extent it meets the rules of evidence.

17 If you take an oath or affirmation, the court  
18 reporter will transcribe your statement. Your statement  
19 will then become a part of the official record in this case  
20 and it may be considered by us as well as by the Commission  
21 in deciding this matter.

22 Since you are a witness, the attorneys may ask you  
23 questions about your testimony. You should not become  
24 upset by this questioning or feel that you are under  
25 personal attack. These questions are entirely normal for

1 this type of legal proceeding.

2 We ask you simply that you listen to the questions  
3 asked of you and that you answer the questions that may be  
4 asked of you to the best of your ability. If any questions  
5 are improper, we will let you know.

6 At this time, we will call the names of those people  
7 who have signed the witness list. As we call your name,  
8 please stand and remain standing until we have called the  
9 last name. We will then ask you to take the oath or  
10 affirmation of a witness if you wish to testify on the  
11 record.

12 JUDGE HOYER: As I call your name, please stand and  
13 remain standing.

14 Ronald Derogy, Sr., Anthony Denoi, Gregg Buchanan,  
15 Dennis DeMartinis, James Bailey, Ronald Curry, Donna  
16 Mittal, Bruce Kaiser, Rob Schnur, William A. -- I can't  
17 read the last name, 1120 Negley Street.

18 MR. MOROCCO: Morocco.

19 JUDGE HOYER: Morocco, Ron Errett, Margaret Magee,  
20 Guy McCrumb, Sarah Pinson, Wayne Stratos, Nancy McConnell,  
21 Paul Meyer, Nancy Caldwell, Frank Balawander.

22 MR. BALAWANDER: Decline, sir.

23 JUDGE HOYER: Thank you. Shirley Walsh, Lila  
24 Savage, Maurice Igou, Patricia Igou, Christine Incerto,  
25 Chuck Kerr, Jennifer Kerr, Susan Kirsch, Frank Bodolato,

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1 Rozlind Harrison, Flossie Holloway, Reverend James  
2 McKeithan; Sarah Quarterson, John McCann.

3 Whereupon,

4 ALL PROSPECTIVE WITNESSES  
5 having been duly sworn, testified as follows:

6 JUDGE HOYER: Please be seated.

7 JUDGE CORBETT: Come back to order, please. A few  
8 observations before we call the first witness. First, if  
9 you are reading from a prepared statement and you have an  
10 extra copy of your statement with you, please give it to  
11 the court reporter before you begin to testify. If you  
12 have sufficient copies, you can also give a copy to Judge  
13 Hoyer and myself as well as the attorneys up here.

14 Second, this is a legal hearing. Everyone who is  
15 called to testify is a member of the public here. Each  
16 witness has the right to give his or her testimony free  
17 from any interruptions, comments from others and the like.

18 In order to hear as many witnesses testify as  
19 possible in the time that we have, we ask you to hold your  
20 applause or demonstration of appreciation until the end of  
21 the hearing and all the witnesses have had a chance to  
22 testify. Again, it is very important for us to hear what  
23 you have to say and we want as many of you as possible to  
24 have your statements placed on the record.

25 Third, to allow as many of you as possible to

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1 participate, we are asking that you hold your comments or  
2 statements to five minutes. Please keep your remarks  
3 concise and to the point. If someone before you has said  
4 what you were going to say, you can simply say that you  
5 agree with what they have said, and your comments will have  
6 equal weight with what others have testified to.

7 Finally, we ask you to confine your remarks to the  
8 issues involved in this case. We understand that there may  
9 have been some confusion, that some members of the media  
10 may have told you that the purpose of this hearing tonight  
11 is so that you can come to the hearing and ask questions of  
12 the people here. That information was incorrect.

13 The purpose of tonight's hearing is a legal  
14 proceeding. We are here to hear testimony. If you have  
15 questions that you want to ask, the people here have  
16 indicated that you can ask those questions of them after  
17 the hearing.

18 If there is a question that you have concerning any  
19 matter involving the Commission, we have a representative  
20 here from the Commission, Jennifer Kocher, from the office  
21 of communications. She can answer your questions about the  
22 Commission.

23 As the attorneys have indicated, they will be glad  
24 to answer your questions after the hearing, but the purpose  
25 of this hearing is to hear your testimony. That's our

1 purpose here to here tonight. We are here to build a  
2 record that we can use to make a decision in this case.  
3 So, your testimony is very important to us.

4 JUDGE HOYER: Would the following individuals  
5 please stand, Raymond Wilson and Charles Flickenger?  
6 Whereupon,

7 RAYMOND WILSON

8 and

9 CHARLES FLICKENGER

10 having been duly sworn, testified as follows:

11 JUDGE HOYER: You may take your seats.

12 If members of the print media or television stations  
13 are hear and they have cameras and are taking video or are  
14 they are taking pictures and you do not wish to be on  
15 camera or to have your picture taken while you testify,  
16 please let us know and we will see that that does not  
17 occur.

18 With that, we are going to call the first set of  
19 witnesses. The first name I call, if you could please  
20 approach the podium. The next three individuals, we have  
21 seats here reserved in the front row and I would ask that  
22 you come down and fill those seats.

23 Ronald Derogy, Sr., if you could please approach the  
24 podium. Anthony Denoi, Gregg Buchanan and Dennis  
25 DeMartinis, please come to the first row.

1           When you begin your testimony here this evening,  
2 please state your name and spell it, your address, your  
3 occupation and indicate whether you a customer of NFG.  
4 There is a note to remind you all on the podium.  
5 Whereupon,

6                               RONALD DEROGY, SR.

7 having previously been duly sworn, testified as follows:

8                               DIRECT TESTIMONY

9           JUDGE CORBETT:    You may begin, sir.

10          THE WITNESS:    My name is Ron Derogy, Sr., spelled  
11 D-e-r-o-g-y, 699 Jackson Center Polk Road, Stoneboro. I'm  
12 a maintenance supervisor at Nugent's Nursing Home and I am  
13 a member of NFG.

14               I'm here on behalf of my mom. She is 79 years old.  
15 She has a heart condition, kidney disease, diabetic, poor  
16 circulation in legs and everything and she keeps her  
17 thermostat on 68 to 70 degrees during the winter because of  
18 the high bills that she can't afford. We have a kerosine  
19 heater in the house also to give her heat and everything,  
20 and she's covered up with three or four blankets at a time  
21 just to keep warm.

22               I'm against any rate increase. It has financially  
23 handicapped her. It's upset her, and she's just sorely  
24 disgusted with things. She just can't handle the bills.  
25 She's very financially strapped with all her medical bills

1 and conditions and everything, different doctors she goes  
2 to and she just can't handle it anymore.

3 I don't know what's going to happen. I have offered  
4 to move her into my house, and she refused to do that  
5 because she would be away from the grandkids and couldn't  
6 see the grandkids anymore.

7 Basically that's all I have to say. I'm against it  
8 not only for her, but for me and for anybody else.

9 JUDGE HOYER: Thank you. Any questions for the  
10 witness?

11 (No response.)

12 (Witness excused.)

13 JUDGE HOYER: Anthony Denoi.

14 Whereupon,

15 ANTHONY DENOI

16 having previously been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 THE WITNESS: Denoi, D-e-n-o-i, 1816 Memorial  
19 Drive, Farrell, Pennsylvania, and I am a gas customer of  
20 NFG.

21 JUDGE HOYER: Your occupation, sir?

22 THE WITNESS: Retired.

23 JUDGE HOYER: Thank you.

24 THE WITNESS: The only thing I have to say, I'm a  
25 little bit concerned about some of this stuff, especially

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1 putting a rider on there that if you use less gas, you're  
2 going to pay more money because they are going to set a  
3 standard that people have to use. I don't think that's  
4 right.

5 The president, everybody, has been getting up saying  
6 conserve, conserve, conserve, and all of a sudden we've got  
7 a gas company that's saying, well, if you don't use enough  
8 by our standards, you're going to pay a price. I disagree  
9 with that. I think that's highway robbery and I think  
10 people have conserved a lot.

11 I know I did last year. I shut down my garage, my  
12 hottub room and everything because of the price of gas.  
13 When you're retired, you have no way of making up all this  
14 extra money these people want to take off of you.

15 I'm against the riders they have. I understand they  
16 still have to pay wages and everything like that. I have  
17 no problem with that. I have a problem with riders they  
18 are putting on these thing, charge people that use less  
19 more.

20 That's all I have to say.

21 JUDGE HOYER: Thank you. Any questions?

22 (No response.)

23 THE WITNESS: Thank you, sir.

24 (Witness excused.)

25 JUDGE HOYER: Gregg Buchanan.

1 Whereupon,

2 GREGG BUCHANAN

3 having previously been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 THE WITNESS: My name is Gregg Buchanan, last name  
6 is B-u-c-h-a-n-a-n, 3462 Sample Road in Hermitage,  
7 Pennsylvania. I am a computer network specialist for the  
8 Mercer County Health Commission and I am a customer of  
9 National Fuel Gas.

10 Thanks to the panel for bringing this hearing to the  
11 community. It's a great chance for us to let you know how  
12 we feel here.

13 Today the utility companies have become a vital  
14 human necessity. Without any one of these, the basic  
15 quality of life can't be achievable in society today. Picture  
16 yourself or anyone close to you without water and sewer,  
17 electric, cable, telephone or natural gas being delivered  
18 to their home. What kind of person would they be today if  
19 they had to make the decision to be without any one of  
20 these.

21 Today we are here testifying about natural gas, but  
22 we are already expecting electricity to rise sharply due to  
23 deregulation, and how long before we are testifying about  
24 the others following.

25 The time is not right for any utility to look for a

1 rate increase. Until the economy is strong again and we  
2 can afford an increase, the utility companies need to  
3 sensitive to the fact that many Americans today are  
4 besieged by higher bills. Our salary increases, if you are  
5 fortunate enough to get one, will not keep up with the  
6 rising costs of the of living today. I can tell you that.

7 Our only combatant to higher bills is to consume  
8 less. That brings in question that rider the gentleman was  
9 speaking to just before me. I agree with him.

10 The financial documents I have included with my  
11 testimony further indicate a company that is doing well.  
12 As of August 25th, 2006, the National Fuel Gas stock was  
13 selling at \$37.84. This time last year the stock sold at  
14 \$29.05. The growth estimate for National Fuel Gas in this  
15 current quarter, next quarter, this year and next year far  
16 exceed the industry, the sector and S & P 500 in every  
17 category. You will find that information that I provided.

18 Their gross profit for the last quarter was more  
19 than 230 million dollars and their net tangible, tangible,  
20 assets were valued at over one billion dollars.

21 The burden of new revenue should not come from  
22 existing customers, but could come from the new  
23 developments, and that's where higher fixed pricing should  
24 happen.

25 Please do not allow a rate increase and certainly do

1 not let National Fuel Gas move certain portions of gas  
2 costs tied to consumption over to fixed costs.

3 Lastly, there was an article I attached from the  
4 Herald, a very good article about how western PA companies  
5 are cashing in on the natural fuel gas. Thank you again.

6 JUDGE HOYER: Any questions for the witness?

7 (No response.)

8 JUDGE HOYER: Thank you, sir.

9 THE WITNESS: Thank you.

10 (Witness excused.)

11 JUDGE HOYER: Dennis DeMartinis.

12 Whereupon,

13 DENNIS A. DeMARTINIS

14 having previously been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: My name is Dennis A. DeMartinis. I  
17 live at 2010 Haywood Street Extension, Farrell, PA, and I  
18 am an NFG customer. I'm a retiree of Sharon Steel, and I'm  
19 here basically to speak about the elderly aspect of what is  
20 going on here with the NFG Corporation.

21 JUDGE HOYER: Could you spell your last name before  
22 you get started?

23 THE WITNESS: D-e-M-a-r-t-i-n-i-s.

24 JUDGE HOYER: Thank you.

25 THE WITNESS: Sure. The problem at hand is the

1 companies like NFG, the major oil companies are just  
2 totally out of control. They are deregulated now. They  
3 should be re-regulated. Of course, our administration at  
4 present won't do that, but that is one of the things that  
5 needs to be looked into.

6 NFG has blatantly charged customers, from the last  
7 three years that I can remember, last four years actually  
8 -- my home alone, I'm a single-person dwelling. The only  
9 thing I heat my house with -- during the summer is my hot  
10 water tank, and it went from \$8 four years ago to \$35 now.  
11 How you justify that, or how NFG justifies those rate  
12 increases, I don't understand.

13 The elderly people in this town -- at one time there  
14 was over 25,000 people in the populous of this city alone.  
15 I've lived here all my life. Now it's down to 6,000  
16 people, most are elderly and retired people.

17 If you people allow NFG to go on with their  
18 unregulated price increases, I don't know what to tell you.  
19 I don't know what you make as far as salaries go. That's  
20 none of my business. But, the people in this community,  
21 I'm sorry, they definitely need a break.

22 The industries have gone away because of different  
23 things, and the elderly are basically the center of this  
24 township, this town area. They can't do it anymore.

25 Like the first man was dealing with this mother.

1 Well, my mother just passed away and I was dealing with  
2 that firsthand before. You can understand the plight of  
3 the elderly, the fixed income in this town alone.

4 That's all I have to say.

5 JUDGE HOYER: Thank you. Any questions?

6 (No response.)

7 (Witness excused.)

8 JUDGE HOYER: I'm going to call the next set of  
9 witnesses now. James Bailey, please approach the podium.  
10 Ronald Curry, Donna Mittal and Bruce Kaiser, please fill  
11 the front row.

12 Whereupon,

13 JAMES BAILEY

14 having previously been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: I just ran this off just before I  
17 came here. It's supposed to be the quarter report of  
18 National Fuel. I did this, and he can verify that I got  
19 the right website. I only made one copy.

20 JUDGE HOYER: Could you please approach?

21 THE WITNESS: If that's the right website, he could  
22 -- I'm going to make statements out of it. On the back is  
23 the website.

24 MR. KANAGY: I'm not sure, Your Honor, without  
25 checking with someone else, so I can't verify it.

1 JUDGE HOYER: Okay.

2 THE WITNESS: Is that the website of your company  
3 on the back? It's also on the front there.

4 MR. KANAGY: I'm not sure.

5 JUDGE HOYER: Do you want to offer this into  
6 evidence?

7 THE WITNESS: Yes, but I got to read out of it.

8 JUDGE HOYER: Why don't you hold on to it for now  
9 so you can use it.

10 THE WITNESS: This is supposed to be the quarterly  
11 report.

12 JUDGE HOYER: Before you begin, sir, I'm going to  
13 need you to state your name, spell and...

14 THE WITNESS: Okay. James Bailey, B-a-i-l-e-y.  
15 I'm retired. My father gets natural gas, and I have a lot  
16 of members in my VFW post that are elderly, and there's  
17 concern about the price increase.

18 JUDGE HOYER: And your address, please?

19 THE WITNESS: Yes, 24 Bailey Lane, Mercer,  
20 Pennsylvania.

21 JUDGE HOYER: Thank you. You may proceed.

22 THE WITNESS: This is the -- I got this off the  
23 website, if this is the correct, website. I guess they  
24 don't know up there. It's the quarter report.

25 On page 2 that I downloaded, discussion on third

1 quarter earnings, continue operations, utility segment.  
2 The Pennsylvania division, earnings for the quarter of  
3 approximate .9 million were down 1.4 million from the 2.3  
4 million recorded for the prior year third quarter. This  
5 decrease is mainly the result of lower customer usage and  
6 weather that was 14.7 percent warmer than the prior year.

7 Energy marketing, the energy marketing segment net  
8 income for the quarter of one million decreased by .5  
9 million from 1.5 million to in the third quarter last year.  
10 This decrease is primary due to the slight decrease in  
11 margin and higher operating expenses due to credit recorded  
12 in the prior year, third quarter, that did not recur in the  
13 current year. Basically, they didn't have the credits, so  
14 it made it look bad.

15 Okay, discussion on nine month's earnings, continued  
16 operations. The positive impact of the most recent rate  
17 segment in New York and Pennsylvania were more than offset  
18 by the impact of warmer weather in Pennsylvania, lower  
19 average usage per company and a higher bad debt and  
20 interest expenses in both Pennsylvania -- New York and  
21 Pennsylvania.

22 That's pretty much what I have to say from the  
23 report. Their earnings decreased because it warmed up 14.7  
24 percent.

25 JUDGE HOYER: Perhaps you could state for the

1 record the website you're referring to and the date of the  
2 report?

3 THE WITNESS: Yes, www.natufuel.com/news/q3earnings,  
4 and then they give the number, 832006-1628.eds.

5 JUDGE HOYER: And the date of the report?

6 THE WITNESS: I just picked it up today.

7 JUDGE HOYER: Is there a date on the document  
8 there?

9 THE WITNESS: No.

10 JUDGE HOYER: Okay, thank you. You can hold on to  
11 that. That's why I asked you the website address.

12 THE WITNESS: Okay.

13 (Witness excused.)

14 JUDGE HOYER: Ronald Curry.

15 Whereupon,

16 ROLAND CURRY

17 having previously been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 THE WITNESS: It's Roland Curry, C-u-r-r-y, 492  
20 South Oakland Avenue, Sharon, retired, NFG customer.

21 The main thing I had is three years ago, \$200 would  
22 have been a really high gas bill. Now my bills have  
23 approached \$300 and sometimes gone over. I know the price  
24 of gas has gone up in the three years, but the increases  
25 that National Fuel has put on the last three years in just

1 their delivery charge has me bugged a little bit.

2 Ordinarily we read our own gas meter at least 70  
3 percent of the time because they don't stay long enough  
4 after they ring the doorbell or not ring the doorbell to  
5 come in. My wife is home most of the time.

6 I thought that the cost of the delivery of the gas  
7 has gone up a much higher proportion than it should have,  
8 and that puts the bill out of sight.

9 My house is insulated. I have a large house. But,  
10 my neighbor's exceeded \$500 a month. I know it's killing  
11 some of them because we are in an older neighborhood, a lot  
12 of retirees. That was my thing.

13 Then the service charge is going to go up 60  
14 percent; is that what I understood? I think that's kind of  
15 outrageous also.

16 JUDGE HOYER: Could you state your address for the  
17 record?

18 THE WITNESS: Yes, 492 South Oakland Avenue,  
19 Sharon.

20 JUDGE HOYER: Thank you. Any questions for the  
21 witness?

22 (No response.)

23 JUDGE HOYER: Thank you, sir.

24 THE WITNESS: You're welcome.

25 (Witness excused.)

FORM 2

1 JUDGE HOYER: Donna Mittal.

2 Whereupon,

3 DONNA MITTAL

4 having previously been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: I have been on budget ever since we  
7 moved into this house 30 years ago. The budget...

8 JUDGE HOYER: If you could...

9 THE WITNESS: I'm sorry, Donna Mittal, M-i-t-t-a-l,  
10 4 South 12th Street, Sharpsville, Pennsylvania.

11 JUDGE HOYER: And your occupation and are you a  
12 customer of NFG?

13 THE WITNESS: I'm retired, and unless I can make my  
14 own gas, I'm their customer.

15 JUDGE HOYER: You may proceed.

16 THE WITNESS: Like I said, I've been on the budget  
17 since we moved in the house. In 1998, we started \$83, not  
18 bad. This year it was \$184. In July, they dropped it down  
19 to \$162. As of August, I owe them \$115 now and we will be  
20 even. I guess they are going to owe me a lot of money by  
21 December, or free gas.

22 My concern is the house -- I'm retired, I'm a widow  
23 and I have limited income. Over the years, we did the best  
24 we could with the house, insulating, new roof, new window,  
25 this, that and everything, to try to bring the cost -- you

1 know, contain the cost, and the costs just simply run away.

2 You have no control. You are a captive audience, or  
3 captive customer of every utility out there. The idea that  
4 they want to charge more for using less to maintain the  
5 profitability -- well, it's not fair.

6 I know that talking about being elderly and tired,  
7 all that really means very little to industry. The bottom  
8 line is the green dollar. Well, I don't have that many  
9 green dollars. That's all I have to say.

10 JUDGE HOYER: Thank you. Any questions for the  
11 witness?

12 (No response.)

13 (Witness excused.)

14 JUDGE HOYER: Bruce Kaiser.

15 Whereupon,

16 BRUCE KAISER

17 having previously been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 THE WITNESS: Bruce Kaiser, K-a-i-s-e-r, 52  
20 Fairmont in Hermitage, retired, National Fuel Gas customer,  
21 and I hope I can without being bombarded with tomatoes,  
22 also a National Fuel Gas stockholder.

23 As I look at the data sheet which was provided this  
24 evening, it does an excellent job of explaining the energy  
25 efficiency rider, and you will find by bullet three in that

1 segment, the work all underlined.

2 I would just simply like to convey to all parties  
3 considered in the decision making process, that when we  
4 take in the word all, all is made up of those, one, who can  
5 afford to approve the energy efficiency of their home and  
6 thus would use less natural gas, those who really can't  
7 change their status, many who are in the middle age bracket  
8 with children, and those who, unfortunately, must also wear  
9 a winter coat and wrap up in a blanket during periods of  
10 very cold weather. All of these parties are involved.

11 Another factor which none of us here have any  
12 control over is the weather, but the energy efficiency  
13 rider, by previous testimony and I'm sure that by testimony  
14 that will follow, seems to be a concern of many of the  
15 people. It just seems almost un-American that if we  
16 improve energy efficiency, we will be penalized for it.

17 National Fuel Gas, I believe, is a healthy company,  
18 as indicated in their annual report, and I'm not sure that  
19 this is the best way. Thank you very much.

20 JUDGE HOYER: Thank you. Any questions for the  
21 witness?

22 (No response.)

23 (Witness excused.)

24 JUDGE HOYER: Rob Schnur, and will the following  
25 individuals please come down and take a seat in the front

FORM 2

1 row, William A. Morocco, Ron Errett and Margaret Magee.

2 Whereupon,

3 ROB SCHNUR

4 having previously been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 JUDGE HOYER: You may proceed, Mr. Schnur.

7 THE WITNESS: My name is Rob Schnur, S-c-h-n-u-r.'

8 I live at 1997 American Way, Hermitage. My occupation is I  
9 am the president of Grimm Stamping Company and the vice  
10 president of Wheatland Steel Processing Company, and I am  
11 an NFG customer.

12 I will leave the residential remarks. Besides, a  
13 lot of them have been addressed, my residential concerns.  
14 I'm mainly here as a commercial user, as an employer.

15 I am a member of the Chamber of Commerce. I have  
16 asked the Chamber, how is this going to affect me as a  
17 commercial user? I can't seem to get any answers. They  
18 referred me to another gentleman who I spoke with, and  
19 basically I'm in the dark. How is this going to affect us  
20 employers?

21 My business is primarily the automotive industry.  
22 Sixty percent of my business I supply to the automotive  
23 industry. I'm a tier two supplier, and 40 percent is non-  
24 automotive. I am in the process of diversifying and trying  
25 to spread that gap. Three years ago, I was 70 percent

1 automotive.

2 The reason for that, the automotive industry is a  
3 brutal industry right now, as we are all aware of the  
4 American car manufacturing and what is going on. Sales are  
5 down dramatically. They are not allowing any increases  
6 coming through.

7 I have been hit with enormous steel cost increases  
8 in the last three years. I am not able to recoup a hundred  
9 percent of my increased costs from the automotive industry.  
10 I am expected to absorb 15 to 25 percent of that increased  
11 cost.

12 On top of that, I have been hit with natural gas  
13 increases. That not only affects the heating of my plant,  
14 it also affects subsequent processes that I have to send  
15 out. For example, heat treating, a large volume of my  
16 parts are heat treated, which uses natural gas. A large  
17 part of my parts are plated, which uses natural gas.

18 These people, in turn, hit me with a surcharge as  
19 soon as an increase comes through, increases my cost to  
20 them. Yet, when I try to pass that cost on to automotive,  
21 I am refused. Every month as I bill them for my steel  
22 surcharge, my percentage, 85 percent, absorbing 15 percent,  
23 I add the surcharge, the energy surcharge.

24 I started this in November when the increase came  
25 through for gas. As I received the increase, I tried to

1 pass it through. They paid my steel surcharges, the 85  
2 percent, but they would not -- they refused to pay the  
3 energy surcharges. So, I sent my credit department out,  
4 said why are we not receiving this? They said automotive  
5 -- they are tier one. They said automotive, which is Ford,  
6 Chrysler and GM, will not give us an increase, we will not  
7 pay you.

8 So, I am up against a battle here. I have huge  
9 increased costs in steel, another increase in gas and I  
10 have an increase coming on electric, which I know is not  
11 involved here. It's another huge wall for me to get over,  
12 to scale.

13 We practice lean initiatives at my company. Every  
14 time I gain an inch in my lean initiatives, I lose a foot  
15 through increases such as this that I cannot recoup. What  
16 NFG has to realize is my employees that depend on me to  
17 make a viable profit of operation, they depend on me for a  
18 wage, and that wage is what keeps their household going.  
19 What NFG should realize is my employees are their  
20 customers.

21 This can have a dramatic effect on my business along  
22 with all the other increases that I'm facing. That's my  
23 statement.

24 JUDGE HOYER: Thank you. Any questions?

25 (No response.)

(Witness excused.)

JUDGE HOYER: William A. Morocco.

Whereupon,

WILLIAM A. MOROCCO, SR.

having previously been duly sworn, testified as follows:

DIRECT TESTIMONY

JUDGE HOYER: If you could please state and spell your last name, sir?

THE WITNESS: Yeah, even the second or third time it's not clear. William A. Morocco, 1120 Negley Street in Farrell, currently working...

JUDGE HOYER: Could you spell your last name, please?

THE WITNESS: M-o-r-o-c-c-o, same as the country.

JUDGE HOYER: Thank you.

THE WITNESS: I'm employed and an NFG customer. I'm not trying to talk down to anybody here, certainly the panel, but just to get a handle on things, I think it's good to look at a historical perspective.

Utilities came about in our country in order to develop the country; gas, electric, water and you can include the early railroads. They were granted a large field in which to operate because of the excessive costs of establishing that company, you know, gas lines all over the country, water lines, so on and so forth.

1           Then came the progressive era, 1910s and 1920s, in  
2 the United States. There developed within our community,  
3 our society, people who thought that individuals should  
4 somehow be represented rather than just business interests.

5           So, our national legislature, congress and I guess  
6 some states, developed the idea that if you are a public  
7 utility, if you have developed into a public utility  
8 whereby you are providing something that is the basis in  
9 order to carry on existence, you should be granted an open  
10 field within which to operate, sort of a monopoly  
11 opportunity, but at the same time, there should be some  
12 safeguards so that the public is not too heavily  
13 disaffected by this operation, meaning that rates had to  
14 pass regulation and state public utility commissions and  
15 various other things looking out for public interest.

16           Along comes the idea that deregulation will provide  
17 competition. We have to fast-forward up to about the  
18 1980s, and the previous administration in Pennsylvania.  
19 The deregulation would provide the needed relief that  
20 consumers are always consumers are always asking for  
21 because, as so many people prior to me and after me have  
22 said, wages have never kept up with costs of living in this  
23 country, certainly not since 1980.

24           To me it seems at best, illogical, at the worst,  
25 wrong and I mean seriously wrong, to after proposing the

1 idea that deregulation would somehow -- by providing  
2 competition within the natural gas industry -- as Mr.  
3 Schnur just said, heaven forbid what the electrical  
4 deregulation is going to mean in Pennsylvania as far as  
5 rates, and we have to begin choosing an electric company by  
6 September, I think, and have it finalized by September.

7           There is no competition. There is no other fuel gas  
8 company to buy gas from or to seek its distribution  
9 through. There is no other power company to buy our  
10 electric service from the way there was supposed to be  
11 because this would be a boon to the free market system of  
12 operation.

13           Primarily I'm standing here because I think it's  
14 just, as I said, illogical and wrong to now tilt the tables  
15 back against the consumer after say deregulation was the  
16 answer and there would be competition and prices would  
17 moderate or decrease.

18           To now go back to the provider and say, okay, we  
19 will give you this monopoly opportunity by saying that even  
20 if people economize and insulate their homes and maybe use  
21 less gas, water and power so that the next person can have  
22 it, the green effect, to say to them, we are going to  
23 charge those people more or some fixed fee for them being  
24 smarter and wiser and consumers, I can't see how a state  
25 government can do that looking at the interests of its

1 citizens in the Commonwealth of Pennsylvania.

2 I appreciate your time. Could I approach a couple  
3 of people? I wanted to be able to communicate...

4 JUDGE HOYER: You wanted to give your card, sir?

5 THE WITNESS: Yes.

6 JUDGE HOYER: You may do that. Any questions for  
7 the witness?

8 (No response.)

9 (Witness excused.)

10 JUDGE HOYER: Ron Errett.

11 Whereupon,

12 RON ERRETT

13 having previously been duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 THE WITNESS: My name is Ron Errett, E-r-r-e-t-t,  
16 1326 Farrell Terrace in Farrell, CEO of the Community  
17 Action Partnership of Mercer County, and both a business  
18 and personal National Fuel Gas customer.

19 I will not read to you since you have that, but  
20 rather speak from the just highlights of the comments.

21 You have heard a number of profiles of the company  
22 and I thought it valuable to give you a profile of the  
23 community. Last year, our organization served about 2,000  
24 that we tracked. We served more, but that's how many we  
25 tracked.

1 I think you know that to qualify for the state and  
2 federal weatherization program, you have to be at 150  
3 percent of the poverty level. Ninety-eight percent of  
4 those households met that. In fact, 52 percent of those  
5 households only reached 80 percent of the poverty level.  
6 They couldn't even reach the other 20 percent to be at the  
7 poverty level.

8 It's the profile of the community right now that you  
9 are here with and talking about in terms of this rate case.  
10 We operate a number of programs, but the one I will focus  
11 and I think is an audience is that you won't hear anybody  
12 talking about, is specifically the low-income housing  
13 programs we operate.

14 We have about a hundred apartment units and  
15 properties that we manage in this area. Our target  
16 population for those are seniors, victims of domestic  
17 violence and those with a mental health diagnosis.

18 The last fiscal year, we spent \$34,000 with National  
19 Fuel Gas. If this increase would go through, we estimate we  
20 would have to find an additional \$6,000 for this line item  
21 alone.

22 We have no product that we produce that we can raise  
23 the cost of and pass it down to get revenue. Our agency  
24 last year took in over \$100,000 in funding decreases and  
25 hits. I seriously doubt any of those funders are going to

1 provide us with the additional money to meet a rate  
2 increase for those tenants.

3 I know it's nice to play by the rules, that we have  
4 to pretend in a vacuum that this is the only thing we are  
5 here to talk about tonight, and that's fine from your  
6 standpoint as the panel. From our standpoint as a  
7 community, we cannot ignore what is going to happen to us  
8 with electricity. It's part of the whole package.

9 Last year, we spent \$55,000 on electricity. We  
10 think we will be lucky in 2007 if that only increases 30  
11 percent, and that would mean another \$16,000 we would have  
12 to find to manage those properties.

13 I know during the course of tonight and your other  
14 hearings, you will hear from the residential customer, you  
15 will hear from the business customer and you'll hear from  
16 industrial customers, and you will hear those positions  
17 represented well.

18 What I wanted to very specifically bring to you  
19 tonight, separate from all of that, is the encouragement to  
20 think about one very specific set of customers you won't  
21 hear about, those who, through no fault of their own, got  
22 old, got beaten up by a spouse or a partner, or have a  
23 mental health diagnosis and can't go out into the  
24 marketplace to find housing because that's just not where  
25 their life is right now.



1 addition, pay their electric and the many other  
2 obligations. This is terrible for these poor people.

3 I'm a senior citizen, I'm 78. These people here are  
4 in their later years. They have worked all their lives,  
5 and I cannot see why anybody should lose the privilege of  
6 living their lives as well as they can. This is terrible  
7 when you have 78-year-old people going out to cut wood to  
8 heat their homes for the winter.

9 You tell us, lower your rooms, lower your  
10 temperatures, wear a jacket, keep warm, save fuel. We do  
11 it, and then we are getting penalized for this? This is  
12 not right. It's never been right for older people to  
13 suffer this way. That's all I've got to say.

14 JUDGE HOYER: Thank you. Any questions?

15 (No response.)

16 (Witness excused.)

17 JUDGE CORBETT: Guy McCrumb?

18 MR. MCCRUMB: Yes.

19 JUDGE CORBETT: Sir, come up to the podium. Sarah  
20 Pinson, Wayne Stratos and Nancy McConnell can come up.  
21 Whereupon,

22 GUY MCCRUMB

23 having previously been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 JUDGE CORBETT: Would you begin, sir, by giving us

1 your full name and spell your last name for the court  
2 reporter, please?

3 THE WITNESS: My name is Guy McCrumb, 1441 Hall  
4 Avenue, Sharon. I'm a National Fuel Gas customer.

5 My thrust here at this meeting is, number one, I'm  
6 sure that with an attorney from National Fuel Gas here,  
7 they have spent a lot of hours and time to justify their  
8 position to the Public Utility Commission. We probably  
9 have no idea the volume of material they are submitting to  
10 you.

11 But, I can tell you the people in this room are  
12 submitting their opinions and the heartfelt desire that  
13 this rate increase not be authorized, especially not at the  
14 level requested.

15 Personally, I don't believe that there ever should  
16 be a severing of gas sales from earnings. I don't believe  
17 that's even fair. I think if that goes into a, as they  
18 call it, energy efficiency rider, they won't come back for  
19 rate increases.

20 Much like the state who tried to raise their -- our  
21 representatives tried to raise their rates, I want to see  
22 them when they come for a rate increase. I want to know  
23 they are coming for a rate increase. I don't want it  
24 packed into an energy efficiency rider. I want them to  
25 have to earn their money.

1           If times get hard for them, I want them to do the  
2 same thing I've done, my wife and I have. Because of the  
3 high rates, we have put in a set-back thermostat. We turn  
4 the thermostat down. We put a heat-a-lator in our  
5 fireplace instead of just burning the fireplace like we  
6 enjoy. We are fortunate enough to be able to do those  
7 things.

8           We keep the house colder, we put on more clothes.  
9 We've done a lot of things to cut back, so we are some of  
10 the recipients of some savings on that. There are many  
11 people who can't do that.

12           I just don't believe that there's any way -- if  
13 times get tough for the gas company, they got to cut back  
14 too. I don't know how they will do that, but they will.  
15 You will always allow them to make a fair profit. I'm sure  
16 that they will always be able to make some kind of a fair  
17 profit. But, I don't believe they should have a windfall  
18 tucked into an energy efficiency rider.

19           If there is a rate increase due, then there is a  
20 rate increase due and we will have to deal with it, but I  
21 don't believe that they should just have a cartes blanche  
22 energy efficiency rider where they have their set income  
23 coming whether we use less or we use more. If we use more,  
24 they will certainly profit, but if we use less -- and most  
25 of will use less. The people who are saying they have \$500

1 gas bills, they'll have winter coats on all year. I don't  
2 have to do that because I've done a couple other things.

3 I just don't believe that it would be fair to allow  
4 an energy efficiency rider to just go into place and them  
5 not to have to answer for it. I believe they should be  
6 completely related to gas sales, up or down, and we take  
7 our knocks according to that.

8 JUDGE CORBETT: Any questions?

9 (No response.)

10 (Witness excused.)

11 JUDGE CORBETT: Sarah Pinson.

12 Whereupon,

13 SARAH PINSON

14 having previously been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: My name is Sarah Pinson, P-i-n-s-o-n.  
17 I reside 1171 French Street Extension in Sharon. I am  
18 retired. I am on a very fixed income. I am president of  
19 the Mercer County Area Agency on Aging, so I am here to  
20 speak for the aged people in Mercer County.

21 JUDGE CORBETT: May I ask, are you a customer of  
22 NFG?

23 THE WITNESS: Oh, most definitely.

24 JUDGE CORBETT: Okay.

25 THE WITNESS: I have everything new in my home,

1 including a furnace, but it's still raised -- my rates got  
2 raised this year. In April, I paid one fee. In May, it  
3 was three times higher. I couldn't believe it, couldn't  
4 understand it.

5 I know that there is something -- there's got to be  
6 something that we can do in this country. We are going to  
7 have to. You know, something just has to be done. These  
8 people are on fixed income. I said mine is very fixed.  
9 It's so fixed that when I take that -- I couldn't buy my  
10 prescriptions. I know there are others like me because  
11 there are others that don't make quite as much as I do.

12 I'm telling you, something has got to give. We  
13 cannot keep going like this. There's nobody living in this  
14 valley now. They've all moved to Hermitage. Sharon and  
15 Farrell don't have anybody else living here. And, they  
16 want to make us pay for it?

17 Something's got to give, gentlemen, something's got  
18 to give. Please, please, pray much that God gives you the  
19 right thing to do and say for we poor people. Thank you.

20 JUDGE CORBETT: Thank you.

21 (Witness excused.)

22 JUDGE CORBETT: Wayne Stratos.

23 Whereupon,

24 WAYNE STRATOS

25 having previously been duly sworn, testified as follows:

## DIRECT TESTIMONY

1  
2 THE WITNESS: My name is Wayne Stratos, last name,  
3 S-t-r-a-t-o-s. I live at 249 Second Avenue in Sharon. I'm  
4 a retiree and I do definitely use National Fuel Gas.

5 After listening to all the testimony, there isn't a  
6 whole lot that I can say other than the fact that I do feel  
7 a lot of strange hands in my pocket. Quite frankly, they  
8 are not mine.

9 I have to go back and I'm thinking about the time  
10 when National Fuel Gas said we are going to be able to  
11 choose the gas company that we can buy our gas from. I  
12 waited, and I said, well, I'm not changing. Everybody went  
13 to whatever these other companies were.

14 Today I believe we are back to square one again.  
15 That was supposed to improve. That was supposed to --  
16 deregulation was supposed to give us the competition that  
17 was going to knock the gas prices down.

18 I understand we are talking about gas, but without  
19 -- by talking about gas, we also have to talk about other  
20 utilities. Electricity doesn't just come out of the air,  
21 it has to be manufactured.

22 In this state, that I know of, almost 70 percent of  
23 our electricity is made by natural gas. They are going to  
24 receive the natural gas, they are going to get charged the  
25 extra fee and the fee will again, unlike the man with the

1 steel industry, be passed on to us. So, we are not just  
2 getting it from the electric company direct, we are getting  
3 it from them indirect because -- not the electric company,  
4 but the gas.

5 This is a vicious cycle. This is a nonstop run to  
6 the table, and what we have ended up with now is companies  
7 -- please, I don't have experts and I don't have lawyers, I  
8 only know from where I see it. I always understood that if  
9 your company -- and you, a 14 percent temperature drop and  
10 you have to raise gas because we didn't use as much because  
11 we were warm enough. It just boggles my mind because in  
12 effect, if you are using less, you are conserving. You  
13 should get a pat on the back.

14 The other side of the coin is we're sitting here and  
15 we don't have a choice now. If we have businesses, cars,  
16 and they don't show a profit because we're not buying cars  
17 -- we don't have a choice not to buy gas unless we want to  
18 ask the 78-year-old lady to cut our wood for us or  
19 whatever. We don't have that choice because we don't have  
20 the diversity of different people we can go to to get our  
21 utilities. We're caught, we're here.

22 General Motors loses money, okay, they lay off  
23 people, shut down plants, do whatever they have to do to at  
24 least remain above water. As far as I can understand from  
25 the paperwork, utilities are always getting a profit. I'm

1 trying to figure out who were the lawyers that sat in that  
2 back room and came up to the legislature and said, oh, we  
3 will guarantee that you can have a profit every year. I  
4 never understood that.

5 Yet, we have bad times in the valley. There's more  
6 than me that would tell you. You go past our empty plants.  
7 This is not indicative of just Farrell and Sharon, it's  
8 indicative of the whole area. And, now we are going to  
9 told that we got to pay more, and we got to actually pay  
10 more using less. To me, the logic is completely gone.

11 As a customer, I hope and pray that some sense comes  
12 to this and we just don't start handing out money hand over  
13 fist to appease this animal that is hungry every year.

14 Thank you for allowing me to be here.

15 JUDGE CORBETT: Thank you.

16 (Witness excused.)

17 JUDGE CORBETT: Nancy McConnell.

18 Whereupon,

19 NANCY McCONNELL

20 having previously been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 THE WITNESS: Nancy McConnell, 53 Haywood Street,  
23 West Middlesex, Pennsylvania, retired, a customer of NFG,  
24 and I prefer not to have my picture taken.

25 JUDGE CORBETT: All right. Sir, would you put the

1 camera away. She has asked that you not take her picture.

2 VOICE: It's a public meeting. I can...

3 JUDGE CORBETT: She's asked that you not do that.

4 VOICE: I don't need the picture, but I need it for  
5 the audio.

6 JUDGE CORBETT: She has indicated she does not want  
7 her picture taken or the audio.

8 VOICE: I will leave the microphone...

9 JUDGE CORBETT: No.

10 VOICE: I can...

11 JUDGE CORBETT: No. She said no.

12 Would you spell your last name for the record,  
13 please?

14 THE WITNESS: McConnell, M-c-C-o-n-n-e-l-l.

15 JUDGE CORBETT: Thank you.

16 THE WITNESS: Fixed costs, higher bills for those  
17 of us who use less costs. For years, we the customers,  
18 have received correspondence from NFG on ways to reduce our  
19 monthly bills. Also, they have offered budget billing.

20 After spending a lot for insulation, replacement  
21 windows, insulated doors, now we hear that using less gas  
22 can result in higher bills.

23 Occasionally we have a chance to go south in the  
24 winter, as other customers do. We lower our thermostat to  
25 save on gas. When we arrive in the south, we need to use

1 heat in January and February. It's not like we are not  
2 paying utilities. We're just not paying NFG.

3 With the volatility of the stock market, some have  
4 had to go on fixed accounts and yet, are earning less. We  
5 accept that, but the NFG needs to raise our bills to make  
6 up for the difference of their change to fixed costs.

7 Thank you.

8 JUDGE CORBETT: Any questions?

9 (No response.)

10 (Witness excused.)

11 JUDGE CORBETT: The next witness will come to the  
12 podium, please, Paul Meyer. Nancy Caldwell, Shirley Walsh  
13 and Lila Savage, come to the first row there, please.

14 Whereupon,

15 PAUL MEYER

16 having previously been duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 JUDGE CORBETT: Mr. Meyer, would you begin, please?

19 THE WITNESS: Paul Meyer, M-e-y-e-r, 1200 Negley  
20 Street here in Farrell, laborer and an NFG customer.

21 In the interest of saving time, it's pretty much all  
22 been covered, but -- that's it. I'm sorry. Is it all  
23 right to decline?

24 JUDGE CORBETT: Sure. Thank you very much.

25 THE WITNESS: Okay.

(Witness excused.)

JUDGE CORBETT: Nancy Caldwell.

Whereupon,

NANCY CALDWELL

having previously been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Nancy Caldwell, spelled C-a-l-d-w-e-l-l. I live 841 Wallace Avenue in Sharon.

I don't have a written speech. I can only speak to you about reality, things I know and experienced.

JUDGE CORBETT: Before you begin, ma'am, what is your occupation?

THE WITNESS: Member of the (inaudible) and I'm a volunteer coordinator of the Parent Resource Center.

JUDGE CORBETT: Are you a customer of NFG?

THE WITNESS: Yes, I am, and so is my 21 grandchildren, the parents of my 21 grandchildren.

JUDGE CORBETT: Very good, congratulations.

THE WITNESS: Thank you. What I want to say really is an increase on a gas bill in any way is very, very hard for us. Most of the people in Sharon and Farrell, if you check the statistics, is on fixed incomes, and they have a hard time paying the bills that they have.

Then we have those estimated bills. Those estimated bills have me personally in a bind. Two years ago, I had

1 my children and my grandchildren living with me. When they  
2 left, the bill was left with me. I moved, and again that  
3 bill went with me. I am now living alone and I'm still  
4 getting estimated bills.

5 Now, we just got a raise on our income. A raise,  
6 rather on the -- what am I saying? The cost of living,  
7 okay. Now you want to take that from us. Some of us is on  
8 Welfare. We work more than 20 hours, those benefits are  
9 taking from us. Yes, we have LIHEAP, but if we make a  
10 dollar over the income status, that's gone, that's taken  
11 away from us.

12 How are we going to live? What do we do? Why is it  
13 every time we get a stand, almost ready to make it, able to  
14 live, there's an other increase? The only thing I want to  
15 say is help us live. People are leaving this area as is.  
16 You want us to leave, too? Help us live. Thank you very  
17 much.

18 JUDGE CORBETT: Any questions?

19 (No response.)

20 THE WITNESS: Thank you.

21 (Witness excused.)

22 JUDGE CORBETT: Shirley Walsh.

23 Whereupon,

24 SHIRLEY WALSH

25 having previously been duly sworn, testified as follows:

## DIRECT TESTIMONY

1  
2 THE WITNESS: Shirley Walsh, 329 East Judy Lynn  
3 Drive, Farrell, and I'm retired and I am a customer also.

4 JUDGE CORBETT: Ma'am, would you spell your last  
5 name for the record, please?

6 THE WITNESS: W-a-l-s-h.

7 JUDGE CORBETT: Thank you.

8 THE WITNESS: I don't have a whole lot different  
9 than what some of these people have already said about --  
10 right in your brochure, you say to conserve energy. You  
11 got it all written down here.

12 We're doing those things. We're turning down our  
13 thermostats. We're putting in new windows, insulation, gas  
14 efficient furnaces, and yet, if we don't use enough gas,  
15 they want to penalize us and make us pay more.

16 That's one of the worst things that can happen. I  
17 can't understand how you can do that if you use less.  
18 We're spending that money so that we can save on this  
19 energy, but it's not happening.

20 Why is it just coming to the people who are trying  
21 to save this money by not having to turn up the heat? We  
22 put on sweaters to stay warm and do all those other things.  
23 That's all I have to say.

24 JUDGE CORBETT: Thank you. Any questions?

25 (No response.)

(Witness excused.)

JUDGE CORBETT: Lila Savage.

Whereupon,

LILA SAVAGE

having previously been duly sworn, testified as follows:

DIRECT TESTIMONY

THE WITNESS: My name is Lila Savage, S-a-v-a-g-e. I live at 913 Wallace Avenue, Farrell, Pennsylvania. I am customer of National Fuel Gas. I'm also a member of Welfare Rights and I get on the utility LIHEAP board in Harrisburg, Pennsylvania.

Today I am here as a member of receiving your gas. I'm 70 years old, suffer with hypertension and Leukemia. I do have, thank God, the weatherization because I couldn't afford to have doors and windows and furnace and things put in. I was able to get some of those services from LIHEAP.

I'm on a fixed income and I get \$5.15 for 20 hours due to work. Thank God for that because that do help pay something. We are having it hard here in Mercer County.

I did receive LIHEAP. That was a blessing. Oh, I was happy, I got LIHEAP, got LIHEAP. Then the next month or two, National Fuel was -- we need 400-some dollars.

Have you ever had your gas cut off? Well, I have, and I'm not ashamed to say it because they say don't do this, don't do that. I had my gas shut off.

1 Right here in Mercer County right now, you have  
2 people with their gas cut off. In order to get that gas  
3 turned back on, it's \$75. Sir, correct? Oh, you don't  
4 know. Seventy-five dollars to get your gas turned back on,  
5 and if they put you on a payment agreement, I don't know  
6 about anybody else, but it's hard for me now to pay the  
7 agreement, not only pay the whole bill.

8 Then it's \$500, you give them \$100, so the \$400 just  
9 keeps going. We are still paying \$500, \$600, a thousand  
10 dollars for gas bills all year long trying to get caught  
11 up, along with your other bills. Maybe that \$75 that you  
12 are charging people, you can use that money to fix whatever  
13 repairs you need to fix. I'll help you find some money.

14 But, you know something? We can't keep it up. I  
15 don't sometimes take my medicine because I got to try to  
16 worry about gas bills, electric bills, telephone bills,  
17 sewer bills, taxes, garbage bills and everything else.

18 We're on a fixed income. It will only spread so  
19 far. We want to live here in Farrell. I'm thinking about  
20 letting my house go, and if I could find me a tent, I'd go  
21 live in a tent, but I have to deal with Mark. He'd  
22 probably come and run you out of the tent. So, we don't  
23 have anywhere to go.

24 I cut down my heat, we cut off the upstairs, put  
25 heater back there that smells from the fumes, but it's in

1 the upstairs part, just to heat the bathroom and the one  
2 room, and I stay downstairs and try to keep warm utilizing  
3 my gas and my electric stove. Now I'm worried I can't do  
4 that now because I'm going to have pay more gas -- I mean  
5 electric, so we don't know what to do.

6 We need help. You're going raise me as a resident,  
7 the businessman is going to raise, so I'm going to get the  
8 raise twice because whatever I do, he's going to send that  
9 down to me, and I don't blame him. Wherever you can get  
10 the money, I can't blame him for trying to get the money.

11 You don't really need all that money. We tried to  
12 save, we tried to do all we can so that our utilities will  
13 stay down. We can't keep it up. Someone has to look out  
14 for us. We can't do it. We're depending on you, and you,  
15 Judge, because you also are paying those bills. You know  
16 what the cost is, and you have more money than we do.

17 JUDGE CORBETT: Any questions?

18 (No response.)

19 (Witness excused.)

20 JUDGE CORBETT: The next witness is Maurice Igou.  
21 Would you come to the podium, sir? Patricia Igou,  
22 Christine Incerto and Charles and Jennifer Kerr.  
23 Whereupon,

24 MAURICE IGOU

25 having previously been duly sworn, testified as follows:

## DIRECT TESTIMONY

1 JUDGE CORBETT: Sir, you may begin your statement.

2 THE WITNESS: My name is Maurice Igou, I-g-o-u. I  
3 live at 1498 Lori Lane, Hermitage, Pennsylvania. I am a  
4 customer of National Fuel.  
5

6 I'm not going to repeat everything that was said.  
7 Only for the record, I have to state that I concur with  
8 everybody that made statements repudiating this energy  
9 efficiency rider and also anybody that made statements with  
10 regard to those who have fixed incomes. The elderly, the  
11 handicapped are going to have a very difficult time paying  
12 their gas bill.

13 That's all I want to say other than it just seems  
14 like there's a lot of companies, and now National Fuel,  
15 seem to be getting on this bandwagon to raise prices.  
16 That's all I had to say.

17 JUDGE CORBETT: Would you state your occupation?

18 THE WITNESS: I'm retired although I have two jobs,  
19 but I'm officially retired.

20 JUDGE CORBETT: What is that employment, sir?

21 THE WITNESS: I drive a bus for STA, and also I do  
22 part-time engineering.

23 JUDGE CORBETT: Thank you. Any questions?

24 (No response.)

25 (Witness excused.)

1 JUDGE CORBETT: Patricia Igou

2 Whereupon,

3 PATRICIA IGOU

4 having previously been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: My name is Pat Igou, I-g-o-u, 1498

7 Lori Land, Hermitage, PA. I am an NFG customer.

8 Everything I wanted to say has already been said. I agree  
9 with most of what was said tonight. My husband and I are  
10 retired. We do live on fixed incomes, however I do sub a  
11 little bit at the Hermitage schools whenever they need me,  
12 so I work a little during the year.

13 However, we bought a smaller house, one that's more  
14 energy efficient. We wore sweatshirts and sweat pants last  
15 year. We turned our heat down lower than we usually do,  
16 and we ended up paying more for gas last year than we ever  
17 did even though the previous house we owned was bigger, the  
18 previous year.

19 I guess I am concerned about the rider. It doesn't  
20 seem fair when you try to use and conserve your gas and you  
21 are going to be charged more money anyway. So, what's the  
22 use?

23 I also want to say that I agree with Mr. Ron Errett  
24 and what he said. I have a big concern for people who  
25 can't afford housing and are paying minimal in housing.

1 However, if the gas rates go up and their rent goes up, a  
2 lot of these people are going to be homeless or out in the  
3 streets. I'm very concerned about this since I know people  
4 like that.

5 I hope the panel will take this into consideration.  
6 Thank you.

7 JUDGE CORBETT: Thank you.

8 THE WITNESS: You're welcome.

9 (Witness excused.)

10 JUDGE CORBETT: Christine Incerto.

11 Whereupon,

12 CHRISTINE INCERTO

13 having previously been duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 THE WITNESS: My name is Christine Incerto. I live  
16 at 1903 Stafford Street. I'm a widow on a fixed income. I  
17 have paid \$400 a month last winter. I have to keep my  
18 thermostat up at 72 degrees because of my arthritis, and  
19 I'm still not comfortable.

20 JUDGE CORBETT: I don't think we got the spelling  
21 of your last name.

22 THE WITNESS: I-n-c-e-r-t-o.

23 JUDGE CORBETT: Thank you very much.

24 THE WITNESS: I'm sorry. I feel that the gas  
25 companies are making an unusual amount of profit, high

1 profits, and I feel that a raise at this time is not  
2 thinking about the consumers. I think we need a break.  
3 Thank you.

4 JUDGE CORBETT: Thank you, ma'am. Any questions?  
5 (No response.)

6 (Witness excused.)

7 JUDGE CORBETT: The next witness is Charles Kerr.  
8 Whereupon,

9 CHARLES KERR  
10 having previously been duly sworn, testified as follows:

11 DIRECT TESTIMONY

12 THE WITNESS: My name is Chuck Kerr, K-e-r-r, 669  
13 Wingler Avenue. I'm a millwright and working two jobs.

14 JUDGE CORBETT: Is your address in Sharon, sir?

15 THE WITNESS: Yes, 669 Wingler Avenue in Sharon.

16 JUDGE CORBETT: Thank you.

17 THE WITNESS: I'm working two jobs, plus my wife  
18 works. We're trying to make things -- together we put a  
19 new furnace in and everything else, the windows, like  
20 everybody else is, try to cut back on gas, but then you  
21 guys come along and send us an extra payment because Sharon  
22 Steel closed down, which I worked there for over 25 years.  
23 They closed down, so they got to try to make up the income  
24 some place else, so they come back on us poor people.

25 We have been struggling. This whole valley has been

1 struggling, everybody in Mercer County, especially when  
2 Westinghouse closed. National Casting is closed, Sharon  
3 Steel went under. They lost big gas customers. I  
4 understand that, and they got to make up some money some  
5 place, but they don't need to come back and try to make it  
6 up all on us.

7 We understand that -- what I'm wondering is why they  
8 always send a lawyer. Why don't the people come for  
9 themselves and see for themselves instead of sending their  
10 high-priced lawyers? If they can afford to pay that high-  
11 priced lawyer, let them come and see what us poor people  
12 are trying to do.

13 JUDGE CORBETT: You mentioned, Mr. Kerr, that you  
14 are working two jobs. Could you tell us what those jobs  
15 are?

16 THE WITNESS: I work for a crane company, Gearing  
17 Industrial Service, during the week. On the weekends, I  
18 fill in part-time as a millwright down at Defurco.

19 JUDGE CORBETT: I'm sorry, where, sir?

20 THE WITNESS: Defurco.

21 JUDGE CORBETT: Thank you.

22 THE WITNESS: As I said, I'm working just trying to  
23 get by. The only thing we heat gas with in the summertime  
24 is our gas water heater. We been trying to save on that  
25 and cut back on that, but still because some people can't

1 afford to pay their gas and some people got to go -- come  
2 back and pay their bills too.

3 I don't mind paying my share of the bills, but I  
4 don't want to pay Sharon Steel's old bills, Westinghouse's  
5 old bills, National Casting's old bills. That had nothing  
6 to do with me. We're fighting just to keep alive, just to  
7 keep going with what we're doing now. That's all we can  
8 afford, but yet they want to come back for more. How much  
9 more can you come?

10 They had a Boston Tea Party which throwed -- because  
11 they put a tax on tea. What would they do if this whole  
12 country just shut the damn place down and not do anything?  
13 You guys would all be out of jobs.

14 JUDGE CORBETT: Any questions?

15 (No response.)

16 (Witness excused.)

17 VOICE: Your Honor, can I direct a question to the  
18 National Fuel Gas representative?

19 JUDGE CORBETT: I'm sorry, sir. As I indicated at  
20 the beginning, this is not a question and answer situation.  
21 They are available here after the hearing if you wish to  
22 ask questions then. We are here to build a record so that  
23 we can make a decision in this case.

24 VOICE: Thank you.

25 JUDGE CORBETT: Thank you, sir. The next witness

1 is Jennifer Kerr.

2 Whereupon,

3 JENNIFER KERR

4 having previously been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: My husband pretty much said it all.

7 I'm Jennifer Kerr, K-e-r-r, 669 Wingler Avenue, Sharon, PA.

8 I'm an office staff at a doctor's office.

9 I just basically want for National Fuel to realize  
10 that this is a very distressed area. Between Farrell and  
11 Sharon, there is nothing, and this is just going to be a  
12 terrible burden on all of us in this general area, any more  
13 increases. We've just about -- we are just turning around  
14 and spinning in circles. That's all I have.

15 JUDGE CORBETT: Thank you. Any questions?

16 (No response.)

17 (Witness excused.)

18 JUDGE CORBETT: We will call the next set of  
19 witnesses. Susan Kirsch, would you come to the microphone,  
20 please? Frank J. Bodolato...

21 MR. BODOLATO: I decline. The previous witness  
22 articulated my comments very well.

23 JUDGE CORBETT: Okay, thank you, sir. Rozlind  
24 Harrison, Flossie Holloway.

25 MS. HOLLOWAY: I decline because I had questions.

1 JUDGE CORBETT: Okay, thank you. Reverand James  
2 McKeithan.

3 Whereupon,

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

6 DIRECT TESTIMONY

7 JUDGE CORBETT: Ms. Kirsch, you may proceed.

8 THE WITNESS: My name is Susan Kirsch and I am at  
9 1027 Roemer Boulevard, Farrell. I'm an advocate for the  
10 disabled, the low income, veterans and senior citizens. I  
11 am a National Fuel customer.

12 JUDGE CORBETT: Could you spell your last name for  
13 the court reporter, please?

14 THE WITNESS: K-i-r-s-c-h

15 JUDGE CORBETT: Thank you.

16 THE WITNESS: As I said, I advocate for the low  
17 income population in our county, and I would like to talk  
18 about how the rate hike would affect these vulnerable  
19 citizens.

20 In the past, our area has had good jobs that paid  
21 good wages. That changed when the mills closed and the  
22 good jobs went overseas. These good jobs and good wages  
23 included medical coverage and cost of living adjustments.

24 In the past when the utility companies need a rate  
25 hike or wanted a rate hike, people could adapt with cost of

1 living adjustments, proper budgeting and belt-tightening.  
2 People could still get by.

3 But today, jobs do not necessary pay a good wage.  
4 Many people work two jobs, some people four jobs in a two-  
5 income family. Many are on fixed income. Many, even  
6 working families, don't have medical coverage. I  
7 personally know of a couple who takes turns taking their  
8 blood pressure medicine. He takes it one day, she takes it  
9 the next day, and I have many, many, many more examples  
10 like that.

11 The people who could adjust in the past don't have  
12 the option today. They don't have medical coverage, they  
13 don't have cost of living adjustments. Today, our most  
14 vulnerable citizens, the low and moderate income, the  
15 disabled, seniors and veterans, make hard decisions about  
16 paying for things like food, medicine, gasoline and  
17 electric bills.

18 The Sharon Herald recently had an article on the  
19 front page about how electrical bills are expected to  
20 skyrocket this winter. The Shenango Valley citizens can't  
21 afford to decide what is more important, medicine or  
22 utilities. No one can help you make those choices.

23 I would like to ask this panel what I should be  
24 advising my clients to do when they ask me, should I buy  
25 medicine, gas, groceries or pay for utility bills?



1 go on the record that I do object to the rate hike and I  
2 just hope that you make a wise decision.

3 It's really very hard around here. There's a lot of  
4 older people who cannot afford these high gas bills, and  
5 the decision to pay a gas bill or take medication should  
6 not be a decision that they should have to make. That's  
7 really it.

8 JUDGE HOYER: Thank you. Any questions?

9 (No response.)

10 JUDGE HOYER: Could you spell your first name, Ms.  
11 Harrison?

12 THE WITNESS: R-o-z-l-i-n-d.

13 JUDGE HOYER: Thank you very much.

14 THE WITNESS: Thank you.

15 (Witness excused.)

16 JUDGE HOYER: Reverend James McKeithan.

17 Whereupon,

18 REVEREND JAMES MCKEITHAN

19 having previously been duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 THE WITNESS: McKeithan.

22 JUDGE HOYER: I apologize, and obviously we are  
23 going to need you to spell it for the court reporter.

24 THE WITNESS: M-c-K-e-i-t-h-a-n. I live at 2605  
25 (inaudible) Avenue, Farrell, Pennsylvania. I am a gas

1 customer. I pastor in Sharpsville, Pennsylvania, and  
2 Pastor of Second Baptist also.

3 The reason I'm standing tonight is because of the  
4 high gas bills. We, at Second Baptist Church, have  
5 experienced many times that people have had their gas  
6 turned off. We walk in their homes and their walls are  
7 sweating from the cold air. We help as much as we possibly  
8 can to get people's gas turned back on.

9 To listen to what has been said tonight and what you  
10 are trying to get from us to go back to Harrisburg or  
11 Pittsburgh, wherever you are going to make the decision,  
12 yes, this is our night, but after tonight, what is going to  
13 happen when you go back? What is going to be the decision?  
14 Are you just giving us a chance to just blow off steam  
15 tonight and go back and still make a decision that you want  
16 to make, or what?

17 We, not only as Shenango Valley citizens, but we as  
18 people, we are tired. We are tired because of the fact  
19 that we hear people say you got one hand in this pocket and  
20 one hand in that pocket. We have come to the point where  
21 we just don't have any more. We don't have any more money.

22 People today, you have women and children without  
23 gas all summer long. You know what happens? Do the  
24 National Fuel Gas care about it? They cut you off in the  
25 spring, turn you on in the cold, the fall of the year.

1           You have babies that are going to hospital because  
2 the fact their stomachs are -- the milk is not able to be  
3 heated up properly. People are eating off of hotplates.  
4 People are walking around during the winter with little gas  
5 heaters and oil heaters in the home. When you walk in,  
6 they got rooms closed off, two and three coats of clothes  
7 on trying to stay warm while the gas company is saying,  
8 well, we want more money, we need more money.

9           A few years ago, the gas company came and tore up my  
10 yard, and they came back and the dumped some dirt and  
11 stones in my yard and threw some grass seed over it. They  
12 never planted it. That area has not been the same since  
13 then. Did I charge them for going out there and picking up  
14 those stones? I did not. Did I charge them for smoothing  
15 out the areas that they didn't smooth out? I did not  
16 charge them for that.

17           Our streets, wherever the gas comes and tears up our  
18 streets, they are never same anymore. All because of the  
19 fact that the gas company feels that they can do what they  
20 want to when they want to do it, charge us when they want  
21 to charge us and what they want to charge us, and we are  
22 going to sit down and take because of the fact that we  
23 can't do any better.

24           Shenango Valley -- actually, America is tired  
25 because of the fact that the big businessmen, big companies

1 are choking the little people. I am a little person. I  
2 pastor a little church with a big heart. One thing about  
3 it, God is able to deliver us in spite of what you are  
4 saying tonight or what you want us to do or you want to  
5 hear.

6 I am saying tonight, think about what you are doing  
7 to people who do not have and cannot get. Think about it.  
8 God bless you.

9 JUDGE HOYER: Thank you. Any questions?

10 (No response.)

11 (Witness excused.)

12 JUDGE HOYER: Sarah Quarterson, if you could please  
13 come to the podium. The following individuals could come  
14 forward as well; John McCann, Raymond Wilson and Charles  
15 Flickenger.

16 Whereupon,

17 SARAH QUARTERSON

18 having previously been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 JUDGE HOYER: Ms. Quarterson.

21 THE WITNESS: My name is Sarah Quarterson. I live  
22 at 940 Carol Lane, Hermitage.

23 I had been to one of these meetings back a few years  
24 ago.

25 JUDGE HOYER: Could you spell your name for the

1 court reporter?

2 THE WITNESS: Q-u-a-r-t-e-r-s-o-n.

3 JUDGE HOYER: Thank you, and just indicated your  
4 occupation and --

5 THE WITNESS: Retired.

6 JUDGE HOYER: -- if you are a customer.

7 THE WITNESS: Retired, and I am a customer.

8 JUDGE HOYER: Thank you.

9 THE WITNESS: A few years ago we had a meeting,  
10 same as this. I'm not sure if was at Hermitage or Sharon,  
11 and I think some of you look familiar. You were there.

12 I want to say also, and everything that's been said  
13 I was going to say, but I want to say also that I have a  
14 brother who in the winter lives in the TV room, has a  
15 heater and keeps his thermostat between 50 and 55. He gets  
16 a letter in the mail saying there's going to be a \$10  
17 charge because he doesn't use enough gas.

18 I think, what is this, a gestapo state? This is not  
19 United States of America. They can charge you \$10 for not  
20 using gas? Sorry.

21 Our gas bill is very high. One month it's read, the  
22 next month it's estimated. It's usually estimated higher  
23 than it should be, in my opinion.

24 Now, I hope that each of you, you, you, you, you,  
25 you, you, you, search your heart, search your soul and do

1 not allow them to have this increase. Please, please, for  
2 God's sake listen to the people. I beg of you.

3 JUDGE HOYER: Thank you. Any questions?

4 (No response.)

5 (Witness excused.)

6 JUDGE HOYER: John McCann.

7 (No response.)

8 Raymond Wilson.

9 MR. WILSON: Yes, here.

10 Whereupon,

11 RAYMOND WILSON

12 having previously been duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 THE WITNESS: Good evening. I am Raymond Wilson,  
15 W-i-l-s-o-n. My current address is 705 French Street. I'm  
16 a night security man. I'm going to make this brief because  
17 I got to get out of here and go to work.

18 JUDGE HOYER: Is that in Farrell?

19 THE WITNESS: Farrell, yeah. Also, I'm a self-  
20 employed subcontractor painter. I'm here because of my dad  
21 and some of the other seniors.

22 JUDGE HOYER: Are you a customer, sir?

23 THE WITNESS: Yes, I am. And, I would like to  
24 thank NFG for costing me my job about four years ago. We  
25 downsized because they couldn't pay the gas bill. I worked

1 in a nursing home. They couldn't pay the gas bills so they  
2 had to let some of us go, and I was one of them. I worked  
3 there six years; I missed three days of work. So, when you  
4 go back, thank them for costing me my job.

5 Also, I'd like to say that everything we do to help  
6 cut down the heating costs, like cutting down the  
7 thermostat, putting plastic on the windows, we've done all  
8 that. My dad is 89 years old. He has emphysema, he has  
9 COPD in the advanced stages. A lot of times my dad don't  
10 qualify for certain programs because of one dollar.  
11 Because of one dollar, he don't qualify, but then again,  
12 the bills don't stop.

13 Everyone that came up here, I salute you for  
14 standing up because it's about time for this. When you  
15 have to make a decision whether to buy food, buy medicine  
16 or just live, you know, just live, -- and it's not getting  
17 no better.

18 The jobs, everybody has downsized. I know National  
19 Fuel, they done downsized too. You all done laid some  
20 people off, you got more money coming in and you still want  
21 to jack up these prices. Ain't nobody going to get a  
22 break. We ain't crazy by a long shot.

23 The thing of it is, it's time to do the right thing.  
24 It's time to tell the truth. They don't need the money.  
25 They really don't need the money. If you been getting all

1 these raises in the past to upgrade the system and you  
2 haven't upgraded, whose fault is that? We can't pay for  
3 this. Like that man said, we can't pay for Sharon Steel  
4 and all these other companies and things.

5 It's time for you to do the right thing. I got to  
6 go to work.

7 JUDGE HOYER: Thank you. Any questions?

8 (No response.)

9 THE WITNESS: Thank you.

10 (Witness excused.)

11 JUDGE HOYER: Charles Flickenger.

12 (No response.)

13 The following individuals signed the sign-in sheets  
14 after we began the hearing, so when I call this next group  
15 of individuals, I want you to stand up so I can swear you  
16 in, and after I have done that, then I'm going to call some  
17 additional witnesses to come forward. Mark Longietti,  
18 Helen Scarmack, Mary Malone, George Gerhart, Mark Thompson  
19 Whereupon,

20 ALL PROSPECTIVE WITNESSES

21 having been duly sworn, testified as follows:

22 JUDGE HOYER: Thank you. You may be seated for  
23 now. Mr. Longietti, please approach the podium. Helen  
24 Scarmack, please come forward and take a seat, and Mary  
25 Malone and George Gerhart.

1 VOICE: Mary Malone left.

2 JUDGE HOYER: Okay, thank you. Also Mark Thompson,  
3 please come forward.

4 Whereupon,

5 MARK LONGIETTI

6 having previously been duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 JUDGE HOYER: You may proceed, sir.

9 THE WITNESS: Thank you. My name is Mark  
10 Longietti, L-o-n-g-i-e-t-t-i. I live at 542 Shenango  
11 Boulevard, Farrell. I'm an attorney and I am a National  
12 Fuel Gas customer.

13 Just a couple things come to mind. First of all, I  
14 did come late this evening and that was because I was at a  
15 Sharon City Council meeting this evening. The reason that  
16 I tell you that is you have a nice crowd here tonight, but  
17 there was an equal sized crowd at that council meeting as  
18 well.

19 When I left, I know I talked to a few folks as I  
20 left, and I just want you to know that as many people as  
21 you have here, there are as many folks, probably a lot  
22 more, that are very concerned over the rate increases in  
23 this proposal that are not here this evening because they  
24 are at other meetings or working or what have you.

25 A couple things come to mind, and I know you have

1 heard some of this already, but I get concerned about the  
2 folks that are older. Many of them live in older homes  
3 that are not well insulated. So, they have to turn their  
4 gas -- consume more gas than other folks do.

5 It's a cruel set of circumstances when you think  
6 about it. We are headed for a cold winter, at least  
7 according to what the paper tells us. These folks live in  
8 homes that are not well insulated. Many of them take blood  
9 thinners. They have to because they have a heart  
10 condition. That causes them to be very cold. I've seen  
11 people, I've been in their homes and seen them in these  
12 circumstances. They do not know what to do because they  
13 can't afford it.

14 Then we have a proposal here that is a dis-incentive  
15 for folks for conserve. On top of that, we have high  
16 gasoline prices, so people are home more, perhaps because  
17 they are trying to find a way to cut down on their  
18 consumption of gasoline.

19 The other thing that comes to mind that I am  
20 concerned about is our churches. Our churches in this  
21 community are a big fabric of this community. I know that  
22 the church that I belong to, First Baptist in downtown  
23 Sharon, we struggle with those fuel costs. They are very  
24 real to us, and it's hard for us to meet our budget.

25 God has provided. God has been faithful and

1 provided for us. We wonder from year to year. When we see  
2 the increases above inflation every year, we wonder, how  
3 are we going to meet that budget, how are we going to do  
4 the work that we need to do to reach out to people?

5 So, I'm here for older people, I am here for  
6 churches and I'm here for a lot of people who aren't here  
7 tonight. I just ask you to consider them, Judge. Thank  
8 you.

9 JUDGE HOYER: Thank you. Any questions?

10 (No response.)

11 (Witness excused.)

12 JUDGE HOYER: Helen Scarmack.

13 Whereupon,

14 HELEN SCARMACK

15 having previously been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 THE WITNESS: Thank you. My name is Helen  
18 Scarmack, S-c-a-r-m-a-c-k. I live at 325 Frederick Drive  
19 in Farrell. My husband was forced to retire from  
20 Westinghouse back in 1985, and since then, he has had  
21 health problems, and both he and I have had heart surgery,  
22 and our medications are high.

23 Several years ago, we were in need of a new furnace,  
24 and they said, oh, that's wonderful, you'll get an energy  
25 efficient furnace, you will more heat and you're bills will

1 go down. Well, I haven't see it happen. The house has  
2 been colder and the bills have been higher.

3 I just ask you to give us a break. Thank you.

4 JUDGE HOYER: Please state your occupation and also  
5 indicate whether you are a National Fuel Gas customer.

6 THE WITNESS: Yes, I'm a National Fuel customer.  
7 I'm a part-time merchandiser.

8 JUDGE HOYER: Thank you. Any questions?

9 (No response.)

10 (Witness excused.)

11 JUDGE HOYER: George Gerhart.

12 Whereupon,

13 GEORGE GERHART

14 having previously been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: My name is George Gerhart and that's  
17 G-e-r-h-a-r-t. I live at 275 Buehl Boulevard In Sharon. I  
18 am a National Fuel Gas customer.

19 JUDGE HOYER: Did you say you were retired?

20 THE WITNESS: No, I am employed.

21 JUDGE HOYER: Okay, your occupation?

22 THE WITNESS: My occupation is I'm the executive  
23 director of the Shenango Valley Chamber Commerce.

24 JUDGE HOYER: Thank you.

25 THE WITNESS: I am here tonight representing

1 myself, but also, in a very real sense, I speak for the  
2 approximately 650 businesses, industries and organizations  
3 that belong to the Chamber, as well as those, perhaps,  
4 happen not to be members of the Chamber but are members of  
5 the business community. We represent businesses in 12  
6 municipalities throughout this area.

7 First, I must say that National Fuel Gas is a good  
8 corporate citizen in that they do support some non-profit  
9 civic activities. Secondly, we do recognize the occasional  
10 need to increase prices according to the need that they see  
11 when they also receive increases in costs that they have,  
12 some perhaps based on inflation and other uncontrollable  
13 costs, but I submit that this proposed increase is too high  
14 and too high at this particular time.

15 First of all, it does appear to exceed the cost of  
16 living over the last several years by a good bit. Secondly,  
17 as others have mentioned, the rider is indeed puzzling at  
18 best.

19 Also, the increase exceeds the earnings of our  
20 businesses and industries in this area, particularly in  
21 this area and probably throughout the Commonwealth. Some  
22 of our companies use tremendous amounts of natural gas to  
23 fuel their furnaces.

24 A six percent increase will force them, many of them  
25 probably, to cut back production, which in turn leads to a

1 spiral effect of perhaps, obviously, reduced income,  
2 perhaps layoffs, cutbacks in many ways, reduced margins, if  
3 any. Those who hope to expand will not be able to do so  
4 because they won't have the margins or the capital  
5 wherewithal to do so.

6 Our economy, in this area and in general in the  
7 country, has been steady, and that's a good thing, but we  
8 submit that a rate increase along with the other increases  
9 we are seeing at this time and this coming year will  
10 probably eliminate any steady increase in the economy.

11 Much of our industry is heavy metal related, pipe  
12 and tube mills, automotive and railroad components and  
13 steel. The price of steel is rising dramatically. The  
14 cost of truck fuel, diesel in particular, is not dropping  
15 as gasoline is right now. In fact, it's rising. Companies  
16 are not fully able to pass those increases on to their  
17 customers. Otherwise, they would not stay in business.  
18 The competition from foreign and domestic competitors makes  
19 it such that it's a very tight -- all of those industries  
20 are very tight.

21 The small family-owned businesses may very likely  
22 suffer even more. A major impact in this year and in this  
23 coming year will come from the well-deserved minimum wage  
24 increase. Then coming in January is the deregulation or  
25 the choices to make for electricity and then with this on

1 top of it compounding it, we are concerned that the entire  
2 picture will be a little bit too much for the economy,  
3 particularly in this area, but perhaps throughout the  
4 Commonwealth, to bear at one time.

5 I hope you are able to discern whatever increase or  
6 whatever rate is appropriate understanding the overwhelming  
7 concerns of our businesses and their employees and their  
8 families, keeping in my again the overall economy of both  
9 this area and other areas throughout the Commonwealth. I  
10 thank you very much.

11 JUDGE HOYER: Thank you. Any questions?

12 (No response.)

13 (Witness excused.)

14 JUDGE HOYER: Mark Thompson, and William McKeithan,  
15 if you could come forward also.

16 Did I swear you in, Mr. Thompson?

17 MR. THOMPSON: Yes.

18 Whereupon,

19 MARK THOMPSON

20 having previously been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 THE WITNESS: I'm Mark Thompson, T-h-o-m-p-s-o-n.  
23 I live at 95 Lilac Drive, West Middlesex. I am president  
24 of Thompson Fabricating. We fabricate roll-off strap  
25 dumpsters. We are a National Fuel user. I use it in my

1 house.

2 I have always said and I told my wife, they can haul  
3 me away, I'm not going to pay for not using something that  
4 I don't use. I don't mind paying for anything I use, but  
5 I'm not paying for something I didn't use, and I will stand  
6 here in front of everybody.

7 I'm speaking for the young generation. I heard all  
8 about the retirees. I feel sorry for them. My wife's  
9 grandparents are 90-some years old. He's been retired more  
10 years than he worked and he's on a fixed income.

11 As far as the fabricating business, what does  
12 National Fuel want us to do? Do you want us to go to  
13 China, Europe? We can leave this country just like  
14 everybody else did, and we'll make a better living, but we  
15 got 25 guys working down there.

16 The wages around this valley average \$10, \$11 an  
17 hour. How can somebody pay \$400, \$500 gas bill, send two  
18 kids to college and pay the college tuition? I've got a  
19 daughter 18, I got on 15. One will be starting college,  
20 and then the next one. Yeah, I'm vice president, but I  
21 don't make a hundred thousand dollars a year, and that's  
22 what it's going to cost me to send kids to school.

23 National Fuel, you guys got to stop. We took cuts  
24 and everybody in this room has taken cuts. Have you guys  
25 ever taken a cut? You can't sit there and tell me you have

1 because you guys make millions every year.

2 You drill more holes in the ground. I can go up  
3 around my hometown, Shakleyville, there's a hundred  
4 thousand holes in the ground, and you just keep charging,  
5 charging, charging. It's time you stopped.

6 I know you're sitting up there and you're thinking,  
7 oh, you know, just a young kid talking. I ain't very old,  
8 I ain't very smart either, but I know National Fuel needs  
9 to back off along with all these utilities.

10 We have to have a heated shop. We paint, so we got  
11 to keep our paint room at 75 degrees. It's the 300,000 BTU  
12 furnace at \$6,000 a month. Justify that cost passing it  
13 along to scrap dealers. It's not going to happen. When  
14 the scrap dealers aren't busy, when demolition can't go on,  
15 we're not busy, 25 guys are going to hit the street.

16 Nobody wants to take our business to China or  
17 Europe, but if that's what it takes to do it -- we're here  
18 to make a living. It's my brother's business, I run it.  
19 If he moves, I'm moving too, and I'm sure National Fuel  
20 isn't going to hurt me over there. That's all I have to  
21 say.

22 JUDGE HOYER: Thank you. Any questions?

23 (No response.)

24 (Witness excused.)

25 JUDGE HOYER: William McKeithan, Would you raise

1 your right hand for me, sir?

2 Whereupon,

3 WALTER MCKEITHAN

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: First of all, my name is Walter, and  
7 I can spell my name, M-c-K-e-i-t-h-a-n. I'm a retired  
8 carpenter, Washington, D.C. government.

9 JUDGE HOYER: Your address and are you a customer  
10 of NFG?

11 THE WITNESS: Yes, I'm a customer at 323 Fruit  
12 Avenue, Farrell. I see a lot of wells in the area and this  
13 is supposed to be National Fuel Gas. Where's that property  
14 coming from, right under our feet? Do we lose that as  
15 residents, as property owners?

16 I know there's wells about a block from my house.  
17 When they drill down, they're going to suck that gas out of  
18 my part of the ground, too. Do we lose that? Where's the  
19 profit going, to you all?

20 I think you need to take a step back and take a look  
21 at yourself and try to cut the fixed costs. You can't do  
22 too much with the variable, but the fixed costs need to be  
23 cut, either in labor, your equipment and whatnot like this  
24 here. Think about it because it's outrageous.

25 The earth is a ball of gas anyway. You're not

1 losing gas. We are actually really helping the earth by  
2 taking the gas out of the ground because, like you say,  
3 it's natural. They find billions and billions of gallons  
4 -- or pockets daily, but yet we still got to pay for taking  
5 it out of the ground.

6 You people, like they say, the corporate  
7 individuals, they constantly, constantly give themselves a  
8 raise. I'm a retired man. I don't make that much on  
9 retirement. I wish you guys would really consider the fact  
10 about the raise because the small man is really hurting.

11 JUDGE HOYER: Thank you. Any questions for the  
12 witness?

13 (No response.)

14 (Witness excused.)

15 JUDGE CORBETT: Are there any other individuals  
16 whom we have not called to testify who wish to testify  
17 tonight?

18 MS. MAGEE: I would like to say something else  
19 here.

20 JUDGE CORBETT: I think, ma'am, you already  
21 testified.

22 MS. MAGEE: I did, but I would like add something.

23 JUDGE CORBETT: You will have to come forward,  
24 ma'am. Step up to the microphone. You are still under  
25 oath ma'am.

FORM 2

1 Whereupon,

2 MARGARET MAGEE

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

5 DIRECT TESTIMONY

6 THE WITNESS: I wanted to tell you gentlemen what  
7 happened a week and a half ago. I was in Wal-Mart, and it  
8 was the saddest thing you have ever seen. Two old grey-  
9 haired people were buying 57 cent cans of Friskee to  
10 supplement their food.

11 I stood there with my mouth open and I asked them, I  
12 said, you must have a lot of pets. They said, we don't  
13 have a one, this is what we have to eat to supplement our  
14 food because we have bills to pay and we can't afford it.  
15 That's the saddest thing.

16 I have heard people mention this before and I used  
17 think they are just talking because they have nothing else  
18 to say, but these two little, short, grey-haired people, I  
19 don't know how old they were, but it just tore at me to  
20 think that happens here. That's all I have to say.

21 JUDGE CORBETT: Ma'am, before you walk away, would  
22 you give us your name again, please?

23 THE WITNESS: Margaret Magee, M-a-g-e-e, and I live  
24 at 2638 Lake Road, Sharpsville, Pennsylvania, and I am  
25 retired.

1 JUDGE CORBETT: Thank you very much.

2 (Witness excused.)

3 This has been a long evening and we appreciate your  
4 patience and cooperation for bearing with us this evening  
5 while we listen to the testimony.

6 This is our fourth public input hearing. We had, as  
7 you know, two sessions yesterday in Erie. We went for over  
8 seven hours yesterday. We heard probably over 90 witnesses  
9 yesterday. We had a long session this afternoon in  
10 Meadville, we are concluding another session now and we  
11 will have one more tomorrow in Franklin.

12 We want you to know that we appreciate you coming  
13 out and we appreciate you testifying on the record. We  
14 also want you to know that your statements will be taken  
15 very seriously when we sit down and look at this record and  
16 try to make a decision in this case.

17 Thank you very much for coming out this evening and  
18 taking time out of your busy schedules. The hearing is now  
19 adjourned. Thank you very much.

20 (Whereupon, at 9:05 p.m., the hearing was adjourned.)

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FORM 2

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

COMMONWEALTH REPORTING COMPANY, INC.

BY: *Barbara A. Heinlein*  
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