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P R O C E E D I N G S

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

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

12 At this time, we want to introduce to you some of the
13 people involved in this Case. To my --- to our far left is
14 Anthony Kanagy, the attorney for National Fuel Gas
15 Distribution Corporation.

16 FROM THE FLOOR: Stand up.

17 JUDGE CORBETT: To my immediate --- wait. Please. This
18 is a legal hearing. We will not have any of that from this
19 audience. This is a legal hearing. You don't go into a
20 courtroom and make those kind of remarks. If we have repeated
21 interruptions, then, we will recess the hearing. Thank you.

22 To my immediate right is Sharon Webb, the attorney for
23 the Office of Small Business Administration.

24 To her right is Darryl Lawrence, the attorney for the
25 Office of Consumer Advocate.

1 And to our far right is Robert Eckenrod, the attorney for
2 the Office of Trial Staff.

3 ADMINISTRATIVE LAW JUDGE MARK A. HOYER: We want to take
4 a minute to summarize for you what this Case is about. On May
5 31st, 2006, NFG filed a supplement to its tariff, proposing to
6 increase its rates by 25.8 billion, or 6.1 percent, over
7 present revenues. The company proposed that the rate increase
8 become effective on or about July 30th, 2006.

9 For residential customers, NFG proposed an overall
10 increase in rates of 6.1%. This would mean that a residential
11 customer using 100 mcf of natural gas annually, would see his
12 or her average bill rise from \$143.94 per month, to \$153.83
13 per month, or by 6.9%.

14 As part of this increase, the company proposed a 72%
15 increase to the monthly customer charge for residential
16 service. If the Commission approves the proposed rates, the
17 monthly customer charge for residential service will increase
18 from \$12 to \$20.64.

19 After a preliminary investigation, the Commission
20 suspended NFG's proposed tariff supplement until March 2nd,
21 2007, by Order entered on July 20th, 2006, and assigned this
22 Case to the Office of Administrative Law Judge for further
23 investigation and hearings.

24 A prehearing conference was held on August 3rd, 2006,
25 where the parties established a litigation schedule. Public

1 input hearings will be held here this afternoon and evening in
2 Erie, tomorrow afternoon in Meadville, tomorrow night in
3 Farrell, and Wednesday afternoon in Franklin. Technical
4 evidentiary hearings will be held in Harrisburg, beginning
5 October 17, 2006.

6 After the parties file their briefs, Judge Corbett and I
7 will issue a Recommended Decision by December 22nd, 2006. By
8 law, the Commission must issue its Decision by March 2nd,
9 2007.

10 The parties to this Case include the Commission's Office
11 of Trial Staff, the Office of Consumer Advocate, the Office of
12 Small Business Advocate and the Community Action Association
13 of Pennsylvania.

14 JUDGE CORBETT: Now, today's public input hearing is
15 important, because we want to obtain your thoughts on this
16 Case. We want to hear from those people most affected by the
17 current company proposal, you, the customers. We want to hear
18 what you have to say about this matter. Your testimony will
19 have a direct bearing on any settlement of the parties being
20 proposed, or if the parties are unable to achieve a
21 settlement, the Commission will consider your testimony in
22 deciding the merits of this Case.

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

1 Mr. Kanagy?

2 MR. KANAGY: Yes, thank you, Your Honor.

3 As --- as mentioned by the Judge, I'm here on behalf of
4 National Fuel Gas Distribution Corporation today. As you are
5 aware, the subject of this hearing is the proposed rate
6 increase by the company. I would just clarify that, there are
7 two types of rate --- rate cases that gas companies in
8 Pennsylvania can file. One is for the cost of the gas,
9 itself, and the second is for the cost of service.

10 This Case filed by the company is for the cost of
11 service, which it is, in effect, the cost of delivering the
12 gas, and not the gas, itself.

13 I would note that, if you have individual questions or
14 concerns about your --- your customer account, there are
15 representatives, I believe two representatives from the
16 company in the back, that you can speak to regarding your
17 individual questions.

18 Could --- if --- if you are back there, could you just
19 please raise your hands, so that, people could see where you
20 are? So, that's if you have individual questions or concerns
21 about your account.

22 As --- as indicated, this forum presents an opportunity
23 for you to express your views with regard to the company's
24 proposed rate increase. We welcome your comments and thank
25 you for coming.

1 JUDGE CORBETT: Thank you.

2 Mr. Eckenrod?

3 MR. ECKENROD: Thank you, Your Honor.

4 Good afternoon, my name is Robert Eckenrod, and I'm here
5 with the Commission's Office of Trial Staff. And the Office
6 of Trial Staff was created in 1986 as a semi-independent arm
7 of the Commission, and charged with representation of the
8 public interest in rate proceedings such as this.

9 Currently, I have a team of expert witnesses, financial
10 analysts, engineers and accountants, reviewing NFG's filing,
11 to determine whether any adjustments to that filing are
12 warranted.

13 We've also been reviewing the numerous Formal and
14 Informal Complaints that have been filed on behalf of you, the
15 customers of NFG. And we use the information found in those
16 Complaints to the extent necessary.

17 Now, today again, as indicated by the Judge, and also, by
18 Mr. Kanagy, is the opportunity for you, the ratepayers of NFG
19 Energy, to voice your opinion with regard to the filing. And
20 would urge you to testify on the record, so that, your
21 testimony may be used by my office in this proceeding, as well
22 as the Commission, to render a Final Decision.

23 Thank you.

24 JUDGE CORBETT: Thank you.

25 Mr. Lawrence?

1 MR. LAWRENCE: Thank you, Judge Corbett.

2 My name is Darryl Lawrence. I'm a lawyer. I work at the
3 Office of Consumer Advocate. The Office of Consumer Advocate
4 is a branch of the Attorney General's Office of Pennsylvania.
5 We're under the wing of Consumer Protection. The OCA
6 represents all of the ratepayers of the Commonwealth, in
7 proceedings involving utility law before the Public Utility
8 Commission, the Appellate Courts of Pennsylvania, and the
9 Federal Administrative Agencies, as necessary.

10 The OCA has intervened in this particular Case, to
11 investigate and examine the reasonableness of NFG's increase,
12 its rates. We have hired a team of outside experts. They're
13 analyzing and looking at the files. And at the appropriate
14 time in this proceeding, we will give our recommendations in
15 writing to the Public Utility Commission.

16 We'd also like you to know that, I will be at all five of
17 the public input hearings. And I will be here today, as long
18 as it takes. If any of you have any individual questions, if
19 you would like to speak to me about your concerns, because
20 primarily, the OCA represents the residential ratepayers, the
21 vast majority of those of you who have come here today. I ---
22 I thank you for the attendance and for turning out in the
23 numbers that you have.

24 If you have any questions after this hearing is over, or
25 after the next hearing is over, please come and see me.

1 Your Honor, may I have permission to stand?

2 JUDGE CORBETT: Yes.

3 MR. LAWRENCE: Just so you can all see what I look like.

4 FROM THE FLOOR: Thank you.

5 JUDGE CORBETT: Ms. Webb?

6 FROM THE FLOOR: Excuse me, sir. Why aren't any of the
7 meetings held out in the west county area?

8 JUDGE CORBETT: I'm sorry, ma'am. Would you please have
9 a seat, and we'll get to you later on, if you signed in as a
10 witness? Thank you.

11 MS. WEBB: Thank you, Your Honor.

12 Good afternoon, everyone. My name is Sharon Webb, and
13 I'm here on behalf of the Office of Small Business Advocate.
14 Our office has entered, filed a Complaint in this Case, and is
15 following and investigating the matter. Our office represents
16 the interests of small business customers in proceedings such
17 as this before the Public Utility Commission. And we're
18 investigating it, to make certain that, business ratepayers
19 don't --- aren't forced to pay a disproportionate share.

20 We're still investigating. We have economists that will
21 assist us in evaluating the financials of the --- the Case.
22 But today is really your opportunity to get your issues out on
23 record. I also will stick around, if anyone has any questions
24 after the hearing. And I will be at all five hearings.

25 Thank you for coming, and I look forward to your

1 participation.

2 JUDGE HOYER: Thank you.

3 Previously, we placed in the back of the room, actually,
4 outside the rear door, sign-in sheets for people to print
5 their names, addresses and telephone numbers, if you wish to
6 speak at this hearing. When called, you will be asked to come
7 forward to testify.

8 The Commission's policy regarding Public Input Hearings
9 gives you three options. Option 1, you may testify formally
10 under oath or affirmation, and be subject to cross-
11 examination.

12 Option 2, you may make an unsworn or unaffirmed
13 statement. Your statement will be off the record, and it will
14 not be subject to cross-examination. The court reporter will
15 not transcribe your statement, and neither we nor the
16 Commission will consider it in any Decision.

17 The third option, you may provide information to the
18 parties here off the record, after the hearing, for their
19 possible use at their discretion at any further evidentiary
20 hearings in this Case.

21 JUDGE CORBETT: We strongly urge you to testify under
22 oath, so we and the Commission can review your testimony, to
23 the extent it meets the Rules of Evidence.

24 If you take an oath or affirmation, the court reporter
25 will transcribe your statement. Your statement will then

1 become a part of the official record in this Case. And it may
2 be considered by us, as well as by the Commission, in deciding
3 this Case.

4 Now, since you are a witness, the attorneys here may ask
5 you questions about your testimony. You should not become
6 upset by this questioning, or feel that you were under
7 personal attack. Such questioning is entirely normal for this
8 type of legal proceeding. We ask you simply to listen to the
9 questions asked of you, and that, you answer the questions
10 that may be asked of you to the best of your ability. If you
11 --- if any questions are improper, we will let you know.

12 At this time, we will call names of those people who have
13 signed the witness lists. As we call your name, please stand,
14 and remain standing until we have called the last name. We
15 will then ask you to take the oath or affirmation of a
16 witness, if you wish to testify on the record.

17 The first witness is Christine Pontoriero.

18 MS. PONTORIERO: Judge, I respectfully decline until the
19 very end.

20 JUDGE CORBETT: Alright, thank you.

21 FROM THE FLOOR: We couldn't hear her.

22 JUDGE CORBETT: Miss Pontoriero asked to be called at the
23 end of the list.

24 FROM THE FLOOR: Okay.

25 JUDGE CORBETT: So that, you could have the opportunity

1 to speak.

2 Councilwoman Rubye Jenkins-Husband, please stand.

3 JUDGE HOYER: Okay, I'm going to read through the witness
4 lists and ask you all to stand.

5 Mary Jean McEwen, Mary Anne Kibler, Barbara Stevenson,
6 Kenneth C. Springirth, Virginia Springirth, David R. Oliver,
7 Don Hess, Susan Reed, Paul Williams, Lisa Bonilla, Mary
8 Gallagher, Betty Dusicsko, R. F. Mitchell, Bertha Lewis, James
9 Phillips, Donald Harpst, Mike Anderson, Catherine Hartzell,
10 Harvey A. Turner, Keith Farnham, Ron Amon, Laurie S.
11 Schreckengost, Mary Werner, Fred Wellman, Harry Renton, Evelyn
12 Mattes, Jeannette Castorina, Bill del Solar, William Bunce,
13 Michael Casolo, Stanley Banak, Vic Hanko, Mary Hanko, Helen
14 Skrzypczak, Mike Skrzypczak, Anthony Buffalari, Dennis
15 Iaquinta, Sandy Farrasak.

16 MS. FARRASAK: I decline.

17 JUDGE HOYER: David Steves, Richard Coleman and Ophelia
18 Williams.

19 Are there any other individuals who have signed the
20 witness list, whose name I have not called?

21 FROM THE FLOOR: Gary Hanlin.

22 JUDGE HOYER: Your name, sir, again?

23 MR. HANLIN: Gary Hanlin.

24 JUDGE HOYER: H-a-n-l-i-n?

25 MR. HANLIN: Yes, sir.

1 JUDGE HOYER: Please stand.

2 Anyone else?

3 (No response.)

4 (Whereupon, all prospective witnesses were duly sworn.)

5 JUDGE CORBETT: Let the record reflect that the witnesses
6 are sworn in and will testify under oath. Please have a seat.
7 Thank you, all.

8 A few more observations before we call the first witness.
9 First, if you are reading from a prepared statement, and you
10 have an extra copy of your statement, please give it to the
11 court report before you begin to testify. If you have
12 sufficient copies, you could give a copy to Judge Hoyer and
13 myself, as well as the attorneys up here.

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

18 In order to hear as many witnesses as possible to testify
19 in the time we have, we ask you to hold your applause, your
20 demonstration of appreciation, until the end of the hearing,
21 and all witnesses will have a chance to testify.

22 Again, it is very important for us to hear what you have
23 to say, and we want as many of you as possible to have your
24 statements placed in the record.

25 Third, to allow as many of you to testify as --- as

1 possible and participate in this hearing, what we ask you to
2 hold your --- your statements to within 10 minutes; 10 ---
3 between 10 and 15 minutes. Please keep your remarks concise
4 and to the point. If someone before you has said what you
5 were going to say, we ask you simply to agree with what they
6 have to say, that you have --- what they have said. Your
7 comments will be given equal weight with others who have
8 already testified.

9 Depending on how well this request is honored, and the
10 number of witnesses able to testify as we proceed through this
11 hearing, we may impose additional time limits. If we do
12 impose a time limit, we will --- we will enforce that for
13 everyone.

14 Finally, we ask you to confine your remarks to the issues
15 involved in this Case. If you have any questions about this
16 Case, or about any other matter involving utility matters, you
17 can talk to the attorneys here after the hearing, as some of
18 them have indicated. If you have another concern about ---
19 about a matter involving these utilities, or another utility,
20 or the Commission, you can talk to Jennifer Kocher, who is
21 here from the Commission from the Office of Communications for
22 the Commission.

23 Jennifer, are you here somewhere?

24 MS. KOCHER: Just down in front of you.

25 JUDGE CORBETT: Okay. Very good. Thank you.

1 You can talk with Ms. Kocher after the hearing, or
2 throughout a recess, and again, any comments with regard to
3 the Commission or other utilities, or something other than ---
4 other than the matters currently before us.

5 With that, I'm going to turn this over to Judge Hoyer.

6 JUDGE HOYER: Okay. Also, we'd note the presence of
7 members of the media. If you not --- do not wish your picture
8 taken by the media, then, let us know when you come up to
9 testify, and we will ask the media to refrain from taking your
10 picture. We ask the media to refrain from using lights or
11 flashes during the hearing.

12 With that, we'll call the first three witnesses in order.
13 We'll begin with --- and I'm going to call out all three
14 names. And we have reserved here, in the very front, to the
15 right of the podium, three seats for the witnesses. As I call
16 your name, if you could please come forward and take a seat in
17 the order in which you were called. Ruby Jenkins-Husband.
18 You can just go straight to the podium.

19 Mary Jane McEwen and Mary Anne Kibler, and also, Barb
20 Stevenson.

21 Again, I apologize. Please make sure that all cell
22 phones are off at this time. When you come up to testify,
23 we're going to ask you to state your name. We will also ask
24 you your address, occupation and place of employment for the
25 record. We will also ask you to spell your name for the court

1 reporter. So, bear that in mind.

2 Whereupon,

3 RUBYE JENKINS-HUSBAND

4 having been previously duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: My name is Rubye Jenkins-Husband, R-u-b-y-
7 e, J-e-n-k-i-n-s - Husband, H-u-s-b-a-n-d. My address is 2226
8 Prospect Avenue, Erie, Pennsylvania. My title is President,
9 Erie City Council. I also am Director with the Sickle Cell
10 Anemia Program in Erie and Crawford Counties.

11 May I proceed at this time?

12 JUDGE CORBETT: Yes, you may, please.

13 THE WITNESS: Your Honor, and the members of the panel,
14 thank you for this opportunity to speak at this public input
15 hearing. I have to say at the introduction, two comments.
16 One is that, I do appreciate the EMTA, which is Erie
17 Metropolitan Transit Authority, for providing transportation
18 to those who need the public service today for attendance at
19 the hearing. And secondly, I want to say that I represent
20 over 100,000 people in the City of Erie, as President of the
21 Erie City Council.

22 There are many people here today, and I congratulate them
23 for having their voices heard. But there are many more who
24 could not be here. So, I will speak on their behalf, also.

25 I would like to enter the following statements into the

1 official record convening the National Fuel Gas proposed
2 utility rate increase and the added surcharge of \$9.95. We
3 want to send a message, that there would be no rate hike ---
4 that you have no rate hike and no surcharge.

5 On June 21st, '06, the City of Erie, at City Council's
6 request, filed a Formal Complaint with PUC, opposing the rate
7 increase and surcharge fee.

8 I represent constituents of the City of Erie. Many of
9 our individuals are on Social Security. Some are
10 underemployed, earning minimum wage. Some have two or three
11 jobs, just to make ends meet. The calls I received said to
12 me, "Rube, I have bills, many bills I have to pay, one at a
13 time. I have prescription drug bills. Where do I choose?
14 What do I choose from? I have to get groceries. I haven't
15 added that expense in yet. Can you help me?"

16 They talk about earning \$5 to \$600 a month, some on SSI,
17 Social Security. Also, according to the US Department of
18 Health and Human Services, the 2005 poverty guidelines for a
19 one-person family unit shows an income of \$9500, and a two-
20 family yielded \$12,000 a year. The United States Department
21 of Housing and Urban Development reports low and moderate
22 income for one person, at \$28,000, and \$32,000 for a two-
23 person household.

24 The 2000 census indicated that the City of Erie residents
25 represent 18.8% of population living below the poverty line.

1 The question I ask today is, why should our senior
2 citizens have to choose between them or their medication or
3 their utility bills, just to survive? Why should they have to
4 cut back on groceries just to pay for the NFG's rate increase?
5 While all our seniors aren't here today, they are all
6 represented, and I'm just another voice in their frustrations.

7 People think that they are being punished for using less
8 gas. They are conserving energy. And conservation in any
9 other venue would merit an incentive, not a penalty.

10 Weeks back, I contacted Mr. Holland, a PUC Chairperson,
11 and asked that serious consideration be given to holding the
12 hearings here today. But I also want you to seriously
13 consider the voices that you hear, my voice and other voices,
14 and remember, no rate increase, no rate increase, no
15 surcharge. Those are the voices you'll hear.

16 Thank you.

17 JUDGE HOYER: Do you have any questions for the witness?

18 (No response.)

19 JUDGE HOYER: Thank you.

20 (Witness excused.)

21 JUDGE HOYER: Mary Jane McEwen.

22 Whereupon,

23 MARY JEAN MCEWEN

24 having been previously duly sworn, testified as follows:

25 DIRECT TESTIMONY

1 THE WITNESS: Your Honors, my name is Mary Jean McEwen.
2 M-a-r-y, J-e-a-n, M-c-E-w-e-n. I reside at 4009 Page Street,
3 Erie, Pennsylvania 16510, and I am retired.

4 I really don't have a prepared statement. I just want to
5 say how I feel from my heart. My husband and I did four
6 months of hard, manual labor last year, to make our home
7 energy efficient, 'cause that's what the President of our
8 nation asked us to do. Now I find I'm being penalized because
9 I did that. It's not fair, and it's not right.

10 My friend, Ken, told me that National Fuel Gas has
11 increased the cost of gas over 1,500%, since 1973. Also, the
12 executives of National Fuel have received an 84% wage increase
13 in the last five years. There are a lot of people sitting in
14 this room who are on Social Security and on pensions, who
15 would like to have that kind of increase in their salaries.

16 It is very, very difficult to make ends meet, and it's
17 very hard when you have to choose between food, heat and
18 prescription drugs. How are you supposed to make that choice?
19 Where are you supposed to go?

20 I feel, personal, that, National Fuel Gas exhibits an
21 extent of corpulent greed, that is inhumane, irresponsible,
22 unethical, anti-social, undemocratic, and quite frankly, just
23 plain wrong.

24 JUDGE HOYER: Any questions for the witness?

25 (No response.)

1 JUDGE HOYER: Thank you.

2 (Witness excused.)

3 JUDGE CORBETT: Mary Anne Kibler.

4 Whereupon,

5 MARY ANNE KIBLER

6 having been previously duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 THE WITNESS: Good afternoon. My name is Mary Anne
9 Kibler, M-a-r-y, A-n-n-e, K-i-b-l-e-r. Address, 3305
10 Elmwood Avenue, Second Floor, Erie, Pa. 16508.

11 JUDGE CORBETT: What is your occupation?

12 THE WITNESS: I'm retired.

13 JUDGE CORBETT: Okay. And, are you a ratepayer of NFG?

14 THE WITNESS: I beg your pardon?

15 JUDGE CORBETT: Are you a customer of NFG?

16 THE WITNESS: Oh, yes. Oh, yes. That's why I'm
17 complaining.

18 Okay. I am no speaker, but I'm so overwhelmed by the
19 audacity of National Fuel requesting the outrageous increase
20 in their surcharge, on top of the constant increases for cubic
21 foot of gas, that I feel compelled to speak out.

22 I have brought three gas bills from last year, and two
23 from this year, to illustrate the unfairness to their
24 customers. And now, if you'll look at those copies I have
25 given you, you will see they're the exact bills that I

1 received.

2 Now, this is very low gas usage. It's easier for you to
3 figure per cubic foot. Anyway, in the June usage of last
4 year, and the July and August usage, there was a consistent
5 increase each month. The first month, the commodity service
6 charge was --- or the commodity charge was .904210, delivery
7 charge .331280, GAC, whatever that is, .022810. Total cost
8 for a cubic foot, 1.258300.

9 The next month, the commodity charge was .947692,
10 delivery .332490, GAC .012234. Total cost, 1.292416 per cubic
11 foot.

12 The following month, commodity charge 1.044320, delivery
13 .335180, GAC .011270. Total, 1.390770 per cubic foot. That's
14 a lot of increases, every month. That's intolerable.

15 Next, for this year, on my gas bills, I have the lowest
16 gas usage ever. I've been using my microwave to cook with,
17 and I've been taking cold showers, washing my hair in cold
18 water, everything to conserve on gas, because, I have to, on
19 my budget.

20 And here's an example of the usage again. The commodity
21 charge for June's usage was 1.274130, delivery .325800.
22 Total, 1.599930 per cubic foot. The surcharge was also
23 different.

24 Now, the surcharge is supposed to be \$12.00 a month.
25 Seeing as there were only 29 days usage in June, it was

1 \$10.91. The charge of that is .3762 per day. It should have
2 been .05 per day. I don't know how to figure these things.

3 But I have the figures.

4 Anyway, then, the following month for the consumer usage,
5 the commodity charge was 1.23354, when they said they lowered
6 the gas rates, which they did, but, they increased the
7 delivery charge: .392710 delivery. And then, of course,
8 there was this GAC that was minus .06. And, the total came to
9 1.605390 per cubic foot. Then, the surcharge was increased to
10 .43 per day. That was 31 days usage. Evidently, they think
11 you don't figure or look it over, which most people don't, to
12 see the difference in their price of surcharge per day. Now,
13 this is kind of ridiculous to me.

14 Anyway, my examples are extremely low usage in the summer
15 months, when I eat salads, fresh raw fruits and vegetables, as
16 well as taking cold showers. While conserving, I buy my paper
17 product, vitamins, over-the-counter meds and so forth for the
18 winter months. It was a lot easier when our minimum gas bill
19 was .50 a month from Pennsylvania Gas, in the mid '50's.

20 We know the gas company's stock increases monthly, and
21 the employees are well paid for steady jobs. They don't get
22 laid off like other people.

23 This has been going on far too long! First, let's start
24 electing the PUC. Then maybe, they'll work for us, instead of
25 the gas company.

1 Next, let's get our --- let's get our Governor to freeze
2 the gas charges. This is a Commonwealth state. He has the
3 right to do it. It seems they have more raises than Carter
4 has pills.

5 Thank you.

6 JUDGE CORBETT: Any questions?

7 (No response.)

8 JUDGE CORBETT: Thank you very much.

9 THE WITNESS: Thank you.

10 (Witness excused.)

11 JUDGE CORBETT: Barbara Stevenson.

12 Whereupon,

13 BARBARA STEVENSON

14 having been previously duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: Yes. My name is Barbara Stevenson, S-t-e-
17 v-e-n-s-o-n. I live at 1810 Woodside Drive, Erie,
18 Pennsylvania 16505. I own my own home. I work at PNC Bank,
19 so, I'm not retired. I'm an employed person.

20 JUDGE CORBETT: Okay. And, are you a customer NFG?

21 THE WITNESS: Yes, I am.

22 JUDGE CORBETT: Okay, thank you. You may proceed.

23 THE WITNESS: First of all, I'd like to thank this
24 Commission and Judges for letting us have this hearing here in
25 Erie, Pennsylvania, instead of Harrisburg. I think it's nice

1 that they are letting us express our opinion.

2 I would like to say that, I'm opposed to the rate hike
3 and the proposed surcharge which National Fuel has asked for.
4 And I'm asking you as a Commission to deny National Fuel these
5 requests.

6 National Fuel Gas is a financially sound company, whose
7 compensation to their executive management is bloated and
8 unearned. I say this because, these executives have not shown
9 that they can have --- make the hard decision it takes to run
10 this company. Instead of cutting their largest costs of
11 service, they are always asking the easy --- taking the easy
12 route by going to the consumer.

13 National Fuel is in the middle of the good ole' boy
14 thinking. They run to the consumer and show a lack of
15 responsibility to their customers.

16 I won't say that it isn't difficult for my family to pay
17 their heating costs, because I know people, all people,
18 everyone here, we know people that struggle. So, I'm not
19 going to go into that. But I would like to note this point.
20 I'm not sure if anyone actually read this --- this consumer
21 guide, or this consumer thing that they put out in their gas
22 bill. But I take offense to two parts.

23 In the third paragraph of this statement, they say that
24 they are holding down costs by reducing their manpower through
25 attrition, without compensating --- without them promising the

1 level of safety and service that we, the consumer, have come
2 to expect. I'd like to ask, how is this company --- this
3 company's bulging middle management, keeping me and my family
4 safe? How?

5 And in the fourth paragraph, it states that, there are
6 two factors, additional factors, which are the leading reason
7 for their need for the further increase of their costs. The
8 first was reg --- was regular replacement of equipment, and
9 the second was the difficulty to control costs, such as
10 uncollectible accounts.

11 So, to me, what this is saying, is that, these overpaid
12 executives for this company cannot adequately budget the
13 general maintenance costs associated with doing business. And
14 then, of course, those peo --- same executives certainly find
15 it easy to blame the poor. My point being, wouldn't these
16 rate increases to the consumer only cause more uncollectible
17 bills?

18 And I thank you.

19 JUDGE CORBETT: Any questions?

20 (No response.)

21 JUDGE CORBETT: Thank you very much.

22 We'll call the next three witnesses: Kenneth Springirth,
23 Regina Springirth, David Oliver, and we'll call another one,
24 Don Hess.

25 Mr. Springirth, if you can go to the podium, please?

1 Whereupon,

2 KENNETH SPRINGIRTH

3 having been previously duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 THE WITNESS: Your Honor, my name is Kenneth Springirth.
6 First name is spelled K-e-n-n-e-t-h, last name is S-p-r-i-n-g-
7 i-r-t-h. I am a customer of National Fuel Gas. I'm retired.
8 But I'm now an author of rail transit books. I wrote one on
9 trolleys, and on Labor Day, I'm going to add Johnstown
10 trolleys and incline travel. So, I'm retired. I have no
11 connection with any utility. I've never worked for a utility.
12 So, I'm here basically as a residential customer. And I think
13 what I have to say, a lot of people will agree with.

14 May I proceed?

15 JUDGE HOYER: Your address? Did you give your address?

16 THE WITNESS: My address is 4720 Cliff Drive, Erie,
17 Pennsylvania.

18 JUDGE HOYER: You may proceed.

19 THE WITNESS: National fuel Gas Distribution Corporation,
20 on May 21st, 2006, filed for a \$25,892,000 increase. I filed
21 my Formal Complaint in this Case. I sent it out on June 8th.
22 The purpose of my testimony is to oppose this increase.

23 Now, I'm going to use the term "Respondent". Every time
24 I use the term "Respondent," that's the utility.

25 The Respondent, on September 14th, 2004, in a previous

1 case, filed for a \$22,780,000 increase. And they received
2 \$12,000,000, on April 15th of 2005. That was an increase that
3 they got, 56.2% of what they were after.

4 Now, a residential customer, the Respondent, in a winter
5 month, paid \$29.10 for 30,000 cubic foot of gas in 1973, at an
6 average rate of .97 per thousand cubic foot. And by June 8th
7 of 2006, paid \$479.44 for that 30,000 cubic foot of gas, at an
8 average rate of \$15.98 for 1,000 cubic foot. That represents
9 a 1,547% increase, which is more than four times the increase
10 of the Consumer Price Index for that period.

11 Now, the proposed increase at that time would have added
12 \$14.98 to the monthly winter gas bill of a residential
13 customer using 30,000 cubic foot of gas, making that bill
14 \$494.42. Even with the reduction that took place on August
15 1st, 2006, that 30,000 cubic foot of gas was --- would cost
16 \$393.61, at an average rate of \$13.12 for MCF, which is 1,252%
17 increase since 1973. That's about 3 1/2 times the increase of
18 the Consumer Price Index for that period.

19 With that August 1st, 2006 change, that proposed increase
20 would add \$16.00 to that monthly winter gas bill of a
21 residential customer using 30,000 cubic foot of gas, making
22 that bill \$409.61

23 I believe the PUC must deny the increase and look at the
24 following:

- 25 1. Respondent's Pennsylvania division for the year

1 ending March --- or, the year ending January 31st, 2006, had a
2 net income of \$8,440,000. It has contributed a positive flow
3 of cash into the parent company. The Respondent's overall
4 rate of return for the year ending January 31st, 2006, was
5 7.19%. At the proposed rates, the Respondent will have an
6 opportunity to earn an overall rate of return of 9.48%.

7 2. On June 8th, 2006, the parent company, National Fuel
8 Gas, announced the 104th year of uninterrupted cash dividend
9 payments, and 36 consecutive years of stock dividend
10 increases. This (indicating) is the graph. This is the graph
11 that shows unprecedented stock dividend increases. There are
12 --- there are 6000 companies on the American Stock Exchange,
13 and only about 60 have a record anywhere near that. This is
14 way out of line.

15 In modern portfolio theory, there are a number of factors
16 you look at. And one of the basic statistical measures of
17 risk is the beta coefficient. Beta is a measure of risk in
18 the market, such as the S&P 500. For National Fuel Gas on
19 June 3rd, 2006, beta was 0.55. But at S&P it was 1. A beta
20 of less than 1 means that there's volatility, less risk.
21 National Fuel Gas, that parent company, has less business risk
22 than an S&P 500.

23 Another thing to look at is the payout ratio. That's a
24 percentage of the firm's profits that's paid out to
25 shareholders in the form of dividends. For National Fuel Gas

1 for that same day it was 54.05, but at S&P it was 28.25. The
2 parent company is paying a larger portion of its highly
3 dependable earnings in dividends. The parent company's stock
4 is very attractive.

5 Price earnings ratios, the price of the stock divided by
6 earnings per share. That gives an investor an idea how much
7 they're paying for a company's earning power. The lower the
8 P&E, the less investors are paying. And therefore, less
9 earnings growth is expected. P&E for National Fuel Gas on
10 June 3rd was 16.85. For the S&P it was 20.23. Here again,
11 companies mature industry with a long record of earnings
12 stability and paying regular dividends.

13 4. Respondent has requested a 12 to 12/25% return of
14 common equity capital. I believe that's frankly excessive.
15 The cost of common equity is the expected return on a firm's
16 common stock that an investor would deem sufficient to
17 compensate for risk. There's no risk with National Fuel Gas.
18 They're stronger than the United States Treasury. Since
19 regulation is a substitute for marketplace competition,
20 determination of an appropriate common equity cost must take
21 into account the utility has less business risk than an
22 unregulated business company. No economic purpose is served
23 if a utility is allowed to earn more than its rate of return.
24 And it has been earning more than its rate of return.

25 5. The proposed Energy Efficiency Program Cost Recovery

1 Rider, under which any declining usage for small volume
2 customers would be recovered through an annual charge, must be
3 declined. Initially, the Respondent is financially very
4 healthy. They also want to assess us \$1,875,000 to implement
5 this. This is obscene. I believe that much of the
6 conservation has occurred because of high natural gas prices.
7 Gas costs are relatively fixed. Peak consumption will
8 determine the size of feeders and mains. Respondent would
9 have guaranteed earnings, while customers see higher rates.
10 This allows for a change in rates without discovering why
11 sales have declined. This is going to deter economic
12 development.

13 6. Executive compensation, including the salary, the
14 base salary, the bonus, the long-term incentive payments, and
15 other compensation for the five highest officials of National
16 Fuel Gas was \$5,380,000 for the year ending September 30th,
17 2005. That was 84% higher than the \$2,921,844 the five
18 highest officers received September 30th of the year 2000.
19 That doesn't include their restricted stock awards, doesn't
20 include the security's underlying options. I believe that
21 customers should pay half the salary of the officers, and
22 stockholders should pay the other half. Both the customers
23 and stockholders benefit from competent officers.

24 7. The utility's request to recover rate case expenses
25 must be denied. The Respondent plans to spend \$841,192 in

1 rate case expenses for the year ending January 31st, 2007. It
2 doesn't make sense to use our money to argue we have to pay
3 even more. That's obscene.

4 8. Disallow the 82 --- the 72% proposed increase in the
5 residential customer charge, from the current \$12.00 a month,
6 to \$20.64 a month.

7 I've looked at residential customer charges for 27 gas
8 utilities in this state. They range from \$3.50 for Mountain
9 Energy LTD, up to the \$12.00 for National Fuel Gas. There's
10 something wrong there. The increase in the customer charge
11 shifts the impact of that increase on a small volume customer.
12 That's not fair. It assures the Respondent, it'll recover a
13 large percentage of this increase, regardless of how much a
14 customer uses.

15 9. Require the Respondent to reduce administrative and
16 general expenses, which increased from \$18,679,191, for the
17 year ending Mar --- May 31st, 2003, to this higher figure of
18 \$26,747,560, for the year ending January 31st, 2006.

19 10. The PUC needs to review the Respondent's original
20 cost of \$282,440,000, projected on January 31st, 2007. It
21 might not be desirable to reproduce the old plant. Improved
22 equipment and methods of operation will be incorporated if
23 replacement were necessary. Furthermore, unless there was an
24 act of God, the entire plant would not be replaced at one
25 time. The PUC has to get serious with this Case.

1 11. Require implementation of a program to increase
2 lower cost --- local gas production. The estimated well count
3 for Pennsylvania gas wells, from which the Respondent
4 purchased all of the gas produced, has --- has been in decline
5 since 1993. In 1993 there were 114 wells dedicated. As of
6 May of this year there are only 57. There's something wrong
7 here, 'cause you got wells there that should be available. We
8 should be getting a lot more than what we're getting in terms
9 of local gas.

10 12. The PUC needs to examine the impact this increase
11 has on the ability of customers to pay any increase,
12 particularly when the Respondent is financially very healthy.
13 There are hundreds of families out there that are having a
14 difficult time making ends meet. Increased unemployment has
15 strained finances for many. Times are tough in Northwestern
16 Pennsylvania. This is not Harrisburg. Harrisburg is like a
17 golden city, compared to Erie, Pennsylvania. We are in tough
18 distressed times. Our people have really faced difficult
19 times. Lower income households spend a greater percentage of
20 their household income on heat, and the situation is becoming
21 even more severe on senior citizens.

22 And also, sometimes people use other means to heat their
23 homes, sometimes, unsafe means, and sometimes, as a result of
24 trying to save money, they burn down their whole house. And
25 the end result is not only chaos for the family, but it also

1 results in higher insurance rates, as the number of
2 residential fires increase.

3 Residential customers have been hit hard. I believe the
4 time has come for a rate decrease. And as I have gone through
5 thousands of pages of testimony, it doesn't take a rocket
6 scientist to realize, that all you have to do is reduce the
7 salary of the five top National Fuel Gas Executives, from
8 their current \$5,380,000.

9 JUDGE HOYER: Please refrain from applause, so that we
10 can hear the witness.

11 THE WITNESS: Reduce that to \$2,000,000. That'll yield
12 \$3,380,000. Now, the annual report for National Fuel Gas in
13 2005 showed there's 674,000 customers, and we rep --- and ---
14 and that was retail plus 56,000 transportation customers, or
15 the total of about 730,000 NFG customers in New York state and
16 Pennsylvania. Our share is like about 29% of that. So, if we
17 take the 214,000 in Pennsylvania, divide by 730,895, times
18 \$3,380,000, that'll give us \$989,812. Add to this the
19 \$605,164 for the elimination of advertising expense, add to
20 that the \$840,000,192, for the elimination of rate case
21 expense, which doesn't do us any good, and also, eliminate the
22 dues expenses, because the American Gas Association, the
23 opinions and decisions of the American Gas Association may not
24 represent what we consumers really need. There's \$204,000 to
25 --- \$204,263 in dues. That can be eliminated. The total

1 saving is \$2,640,431. Divide that by the 214,000 customers,
2 and the annual savings is \$12.33 a year. Not much, but it
3 will be starting point. What this would do for everybody
4 would be, it's practical. It could be done without any pain.
5 The utility wouldn't feel anything.

6 Two, it's positive. It could achieve a new image
7 for the utility. And 3, it's proactive, in giving new hope to
8 people. Our people need to leave here with some hope. This
9 can be a new role for the admins --- for the Public Utility
10 Commission.

11 Your Honor, this is a golden opportunity to really be a
12 positive win-win for customers, for the Commission, for the
13 utility, for everybody. This is a win-win, and it's painless.

14 I believe, the evidence clearly supports the increase for
15 a 2.6 million increase. Let's make this the reality. Let's
16 put a smile back on the face of consumers in Northwestern
17 Pennsylvania.

18 Your Honor, that concludes my testimony, and I'm going to
19 pass out my statement. I would request that State ---
20 Kenneth C. Springirth Statement Number 1, and exhibit which is
21 a graph, KCS-1, be accepted into this record in its entirety.

22 JUDGE HOYER: Any questions for the witness? Any
23 questions?

24 (No response.)

25 (Witness excused.)

1 JUDGE HOYER: Okay, we're going to mark this as
2 Springirth Statement 1 and Exhibit 1. Is there any objection
3 to its admissibility into the record?

4 (No response.)

5 JUDGE HOYER: Hearing nothing, it is admitted.

6 (Whereupon, the document
7 and graph were marked
8 as Springirth Statement
9 1 and Exhibit 1 for
10 identification and
11 received in evidence.)

12 JUDGE CORBETT: The next witness, Regina Springirth.

13 Whereupon,

14 REGINA SPRINGIRTH

15 having been previously duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 THE WITNESS: Regina Springirth, 4720 Cliff Drive, Erie,
18 Pa. 16511.

19 National Fuel Gas ---

20 JUDGE HOYER: Occupation?

21 THE WITNESS: I'm a housewife.

22 National Fuel Gas charges \$12 a month to people who are
23 using no gas, whatsoever. Now, there isn't a store on the
24 face of the earth that could get away with this, that --- that
25 charge people \$12 a month for --- they charge you people \$12,

1 just for going into the store and not buying any items,
2 whatsoever. And now, they want to increase that to \$20.64 a
3 month. And --- and I can say this --- there isn't any store
4 that can charge people \$20.64, just --- just to go into the
5 store and not buy anything.

6 Now, why is it that National Fuel Gas can get away with -
7 -- with charges of that sort? It's --- it just isn't fair.

8 In 1965, our highest gas bill in the winter was \$27 a
9 month. This past winter, our highest gas bill was \$450 a
10 month. Now, I don't classify that as inflation. That's far -
11 -- it goes far beyond that.

12 I --- I was at Cherry Park, where they have baseball
13 games. And they had certain people who were weighing bags of
14 prizes. And included in this --- in these prizes was a candy
15 dish that had "National Fuel Gas" etched into. And there was
16 also a pad and pen with "National Fuel Gas" written on it,
17 that they were giving out as prizes. Now, all the people who
18 are customers of National Fuel Gas have to pay for those
19 gifts, for those prizes. And it proves that, National Fuel
20 Gas is not making an effort to keep their costs down.

21 Thank you.

22 JUDGE HOYER: Any questions for the witness?

23 (No response.)

24 JUDGE HOYER: Thank you.

25 (Witness excused.)

1 JUDGE HOYER: David R. Oliver.

2 MR. OLIVER: Yes.

3 JUDGE HOYER: You may proceed.

4 Whereupon,

5 DAVID R. OLIVER

6 having been previously duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 THE WITNESS: David R. Oliver, O-l-i-v-e-r, 145 Young
9 Road, Erie, Pennsylvania 16509. I am retired, and I am a
10 customer of National Fuel Gas.

11 First of all, I would like to thank you folks and the
12 Commission, itself, for scheduling these hearings right here
13 in Erie. It really makes things more convenient for us, and
14 we do appreciate it.

15 It's very difficult to follow Ken Springirth, his
16 research and everything that he had done. I commend him in
17 what he has said, and may just tailgate on a few of the issues
18 that he talked about.

19 National Fuel, over the more recent years, has asked us
20 to use less gas. They've also asked us to do things like
21 insulate, so we would use less. New windows, different
22 furnaces were high efficiency. And, I think so many people
23 have done this, that, of course, now we're finding out that,
24 they now need to compensate themselves in different ways
25 because usage is down.

1 As a former businessperson, myself, it seemed like, when
2 we always looked at profit, we had two places to get our
3 profit. We either sold more, or we had to lower expenses.
4 And I think Ken has covered much of that so far, that we do
5 need to find that pushed it back to National Fuel, they wanted
6 us to become more efficient. They need to now make their
7 operation more efficient. They've got to learn, just as the
8 City of Erie has, that has more recently cut policemen,
9 firemen. Look at the auto workers, what GM and Ford and
10 Chrysler have gone through. We look at the airlines. It's
11 time for National Fuel to start to think the way the rest of
12 the United States does.

13 We can't always raise the price of something. We are
14 going to have to, as all of us in our homes are, we're going
15 to have to end up cutting costs.

16 And I'm not so sure it's just that top echelon, those top
17 five. If --- if it's being done in all other industry,
18 certainly, it's time that National Fuel look at it across the
19 board.

20 So again, I'm here in opposition, and I hope that this
21 testimony will also be part of the record.

22 Any questions?

23 JUDGE HOYER: Any questions?

24 (No response.)

25 JUDGE HOYER: Thank you for your testimony.

(Witness excused.)

1
2 JUDGE HOYER: Don Hess.

3 Whereupon,

4 DONALD R. HESS

5 having been previously duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 THE WITNESS: My name is Donald, D-o-n-a-l-d, R. H-e-s-s.
8 My occupation, I'm retired pastor, between churches. But,
9 prior to being a pastor, I was a --- I worked for the
10 Commonwealth of Pennsylvania, for almost 30 years.

11 JUDGE CORBETT: Are you a customer of NFG?

12 THE WITNESS: I am a customer of NF Gas, yes.

13 JUDGE CORBETT: And can you give us your address?

14 THE WITNESS: 3239 West 25th Street, Erie, Pennsylvania
15 16506.

16 JUDGE CORBETT: Thank you.

17 THE WITNESS: Okay.

18 Almost 30 years, I worked for the Commonwealth of
19 Pennsylvania. Much of that time that I was working for the
20 Commonwealth, I was visiting homes in Erie County. And in
21 these homes, and this is just a thought to tag along Mr.
22 Springirth's words about what costs of local gas. It would
23 seem to me that, the National Fuel Gas would go after the
24 lowest cost gas possible for the customers. And, when I was
25 at these different houses in Erie County, Crawford County,

1 Venango, Clarion and Jefferson, there were several properties
2 that were being paid royalties by National Fuel Gas for the
3 gas on their properties.

4 My question is, why can't National Fuel Gas pursue that
5 avenue for a resource to get the gas from the --- locally? It
6 would behoove them, and behoove our customers, the customers,
7 rather than go outside and get that gas.

8 And I speak against the surcharge and the --- the
9 increase in costs of gas. But I would think it would behoove
10 everyone, that they would pursue the lowest cost, instead of
11 paying royalties on that --- on the gas of those properties,
12 to get the gas from those properties.

13 That's all I have, for my part.

14 JUDGE HOYER: Thank you. Any questions?

15 (No response.)

16 JUDGE HOYER: Thank you. You can take your seat.

17 (Witness excused.)

18 JUDGE HOYER: And we're going to call the next four
19 individuals. Susan Reed, if you could please approach the
20 podium? And the remaining individuals, if you could take the
21 three seats: Christine Pontoriero, Paul Williams and Lisa
22 Bonilla?

23 Oh, yes, I apologize. Ms. Pontoriero, indicated she
24 wanted to be last. Paul Williams, Lisa Bonilla and Mary
25 Gallagher.

1 You may proceed.

2 Whereupon,

3 SUSAN REED

4 having been previously duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: Susan Reed, R-e-e-d, 11141 Poplar Road,
7 Kane, Pennsylvania. I am an NFG customer; have been for a
8 good many years.

9 The --- I have been agreed with everything that everyone
10 has said so far, but there's other little things that I think
11 NFG could also.

12 I called the office when they said they were going to
13 raise the rates. I wanted to talk to someone in the main
14 office. All I could get was someone out of Erie, to make my
15 comments.

16 I also have a couple shares. I'm not rich. I'm on
17 Social Security, like everyone else. And as I find that, just
18 for --- I feel so sorry for the executive, because I'm asking
19 him to give up what he is asking us to pay. And he wouldn't
20 even feel it, for what he's being paid for the year. It is a
21 shame.

22 My brother and his wife live in a house. It's a larger
23 home than mine. It has --- he has to put on two pairs of
24 longjohns in the winter, heavy shirt and a sweater, just to
25 keep the fuel bill down. They have the insulation, they have

1 the windows, they have everything. But they can't afford, on
2 Social Security, the total cost of their gas. So, they
3 maintain the house, during the day, when they can't take it
4 anymore, 68, and it's down to 64 at night, or less.

5 I have a friend, who is on balanced billing. The evil of
6 balance billing through National Fuel is ridiculous. These
7 people rented a new proper --- had rented a property that had
8 been rented. But the gentleman that lived there was by
9 himself, so he closed the house up. A month ago they got a
10 letter, said, "Pay the \$1000 on your balance billing, or we're
11 shutting your gas off."

12 Now, they could --- if they --- National Fuel sees that
13 someone's getting behind in their balance billing, the least
14 they can do is write them a letter and raise it. I think the
15 end of the year, the darling little note that says, "You owe
16 \$300 more," when you are on a fixed income. And these people
17 are not --- they're trying to work, but one is disabled, and
18 the wife is trying to work, and they're just trying to make
19 ends meet. And I think this is cruel. They did it to me, and
20 they do it to others.

21 And if you people can stop them from doing that, and stop
22 them from the risks, and stop them from wasting their money.
23 If I had a household like they have a business, I --- I'd have
24 bill collector at the door all the time.

25 And, I was raised on a farm, and we sold our goods and

1 our wares. And I've got something to say to National Fuel
2 Gas, that I learned way back years ago. The customer is
3 right. If they don't like your product, they're going to go
4 elsewhere. And this is a stubborn farm woman.

5 Thank you.

6 JUDGE HOYER: Any questions?

7 (No response.)

8 JUDGE HOYER: Thank you for your testimony.

9 (Witness excused.)

10 JUDGE HOYER: Next witness, Paul Williams.

11 Whereupon,

12 PAUL WILLIAMS

13 having been previously duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 THE WITNESS: My name is Paul Williams. I live at 129
16 Arlington Road, Erie, 16509. I'm retired from the U.S.Coast
17 Guard. Primarily, that is my --- I'll call it my occupation
18 right now. I supplement this with some part-time work with
19 another company. I'm a National Fuel Gas customer.

20 I recently moved to the address which I just gave you. I
21 had been living previously at another home, for approximately,
22 the past 20 years. And we finally found that, it was possible
23 maybe to step up a little bit, move to a little bit nicer
24 place. In the meantime, we had the old house on the market.

25 The realtor told us it would much easier to sell the

1 house if it was vacant, so, we got everything out of there and
2 moved up to the new place. And, with it being vacant, first
3 thought was, "Well, maybe we'll shut the gas off and save some
4 money." Well, what if the house doesn't see by December and
5 you need to keep the house warm so the pipes don't freeze?
6 So, the gas is still on.

7 However, you can imagine during the summer, when you
8 don't have the furnace running, you don't have the stove on,
9 since she's not in the house, the hot water tank just stays
10 warm, so if somebody comes in to look at the place, they can
11 see the hot water tank works properly. But that's all the
12 answers I got.

13 National Fuel Gas called me up, asked me to give a
14 reading, so they could know that they're exact because they
15 saw how little they were, and didn't realize that the house
16 had been empty. But, we're taking care of that now.

17 But as I understand it, our part of the increase is that,
18 if you use less gas, you're going to receive a penalty. Here
19 I am just trying to sell my house and recover as much of these
20 costs that I have from the old house as possible, so I can
21 start putting that money towards the new place, and I'm
22 getting a penalty for not living there, not using much gas,
23 and just trying to make ends meet.

24 And I'm not alone in this. I ran into a friend today who
25 is living down by the airport. And you know that the airport

1 is going to grow. And with that, people are going to have to
2 leave their homes in some cases. Because they can't --- have
3 to leave their homes pretty soon, what's happening to these
4 people? They're in the very same situation as I am. They're
5 in a position where, why put more things into your house to
6 try to use less gas, if you're going to be moving out, anyway?
7 And, as I just stated, if that's correct, that we use less
8 gas, we're going to be penalized, anyways. It just doesn't
9 seem to make sense.

10 Thank you.

11 JUDGE CORBETT: Any questions?

12 (No response.)

13 JUDGE CORBETT: Thank you.

14 (Witness excused.)

15 JUDGE CORBETT: Next witness, Lisa Bonilla. You may
16 proceed.

17 Whereupon,

18 LISA BONILLA

19 having been previously duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 THE WITNESS: Good afternoon. And my name is Lisa
22 Bonilla, B-o-n-i-l-l-a. I live at 360 West 24th Street in
23 Erie, 16502. And I work at West Home Marketing, a credit card
24 application. And, I appreciate you letting me speak today.

25 JUDGE CORBETT: Are you a customer of NFG?

1 THE WITNESS: And I'm a customer of NFG. Yes, I am.

2 I'd like to start by saying, I am one of the people that
3 Rubye Jenkins-Husband did speak about from very low income.
4 I'm under \$10,000 a year. And I've been raising my son by
5 myself. And it's been difficult. We have a hard time making
6 ends meet as it is.

7 My gas bill --- my gas bill has actually been lower than
8 most, because I have been cutting back. I can't afford to
9 keep the house even warm, you know. My highest gas bill was
10 like, \$315, which, on my income it's like I have to earn
11 twice, you know. I can't afford to do that.

12 I know there's a lot of people out there like me. I just
13 really oppose this surcharge and the rate increases. I cannot
14 afford to pay any more. I just can't, and I was quite
15 appalled when the woman on TV said, "Yeah, because you're
16 conserving, you know, we're going to have to add the
17 surcharge. But don't worry, it's going to save you money." I
18 mean, how is this going to save you money?

19 In the wintertime, I cannot afford to pay all my bills.
20 I always rob Peter to pay Paul. Every month, the only way I
21 can get my gas bills paid in the wintertime is when my income
22 tax refund comes in. Instead of going out, maybe to go out
23 and see a movie, or go buy a new shirt, or go out to dinner
24 with my son, I'm paying all my money to the utilities and the
25 bills.

1 The economy is not getting any of my money. Also, I
2 don't know if you're aware, even the City Mission had to close
3 down. NFG cut off their gas. These are the poorest of the
4 poor, and the neediest of people. And, along with lowering
5 executive salaries, I also think NFG could save a lot of
6 money if they pay attention to the productivity of their
7 workers. I know every time I'm out about, I always see an
8 empty panel truck, with the workers nowhere around. So,
9 that's another way NFG might be able to same some money.

10 I guess that's about all I have to say at this time.

11 JUDGE HOYER: Any questions?

12 (No response.)

13 JUDGE HOYER: Thank you for your testimony.

14 THE WITNESS: Thank you.

15 (Witness excused.)

16 JUDGE HOYER: Mary Gallagher.

17 Whereupon,

18 MARY GALLAGHER

19 having been previously duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 THE WITNESS: Mary Gallagher, G-a-l-l-a-g-h-e-r, formerly
22 of 423 Superior Avenue in Erie. I say, "formerly," because,
23 I've just recently had to sell my home. I was a National Fuel
24 Gas customer, as of last week.

25 I am retired. I originally prepared, and I'll be reading

1 a prepared statement, and, please indulge me. And please
2 make this a --- a part of your record. I would request that
3 it be made part of the record.

4 I needed to sell my home, because with the even
5 increasing cost of taxes and everyday expenses, and escalating
6 fuel costs, it became more and more apparent to me, because of
7 my limited income, I live on a fixed income, that my expenses
8 were becoming more than my income. So, the choice was to sell
9 the home.

10 And, prior to selling the home, I was trying to conserve
11 on energy by insulating. And, I had all new windows put in
12 the house, prior to selling it, and, turned my thermostat down
13 to my discomfort. And nothing was working, and now, National
14 Fuel comes up with a new method of charging you more money for
15 using less.

16 At the rate of trying to recoup any money from the
17 saving, and trying to make it warmer in my house when I ---
18 when I had the windows replaced, at the cost of \$3500, it
19 would take me --- my savings by my monthly gas bill, was only
20 about \$10 a month. So, a point to make is that, it would take
21 me forever to recoup that. And, in the meantime, I'm going to
22 be charged more.

23 I would like to --- to point out that, I think that
24 National Fuel should have to bear the cost of doing business,
25 as other businesses do. It seems that every time there's

1 something that the --- that National Fuel wants to pass onto
2 the consumer, there doesn't seem to be any consideration made
3 for the cost of doing business. And they don't understand
4 that. Other businesses have to take that into consideration.
5 Why not National Fuel?

6 For those people on fixed incomes, they have to take
7 their expenses into account and make adjustments, cut back,
8 or, do what they have to do to make their budgets. And,
9 National Fuel is just always just passing those costs on. And
10 I don't think that's right.

11 So, my question is, if National Fuel has all the
12 outrageous profits shown, why can't they cut back? Why ---
13 why do they have the ability to always pass those charges onto
14 us? Why do they have to put other people on fixed incomes in
15 the position of making hard choices between home --- between
16 their mortgage, between medicine, between food, between
17 utilities? You know, it's very difficult to get by on a fixed
18 income. And I don't even know where I'm going to go at this
19 point. I'm living with a relative at the present time. And
20 that can't, as we well know, go on forever.

21 This country's hurting. This state is hurting. The
22 people are hurting. And, I don't know why the --- the PUC
23 can't take that into consideration and --- and hold NFG
24 responsible and --- for some of these amounts that they pass
25 onto the people. Surely, there has to be some point at which

1 they're not given the opportunity to pass these charges on.

2 Ken Springirth talked about the constant profits. And --
3 - and that seems to be the case. And --- and I can't remember
4 when a request has been turned down by the PUC. And I think,
5 when another gentleman mentioned that it's a good opportunity
6 to show that there's compassion for the people, and that,
7 maybe take into consideration and create a good atmosphere for
8 National Fuel, that this is a good time for the PUC to take
9 all the information that's being processed and given to you
10 today, into consideration and maybe do something to help out
11 the people.

12 And, my last comment is about the Good Neighbor Fund. I
13 --- because of my circumstances, I have often applied for help
14 for National Fuel Gas, some help on my bill, my gas bill.
15 And, I don't think that I'm making a lot of money. I have no
16 stock. I live on a fixed income. I --- I have low income,
17 and yet, I'm not able to take advantage of any of the programs
18 that they offer to help people out. So, I just question, if
19 there really is a Good Neighbor Program, who does take
20 advantage of it? Because, by the time --- if --- if somebody
21 who makes even less money than me, doesn't have to pay their
22 gas bill, I'm paying my gas bill, but because of that, I'm in
23 --- I'm having less money to operate on for medicine, food and
24 et cetera, than that person.

25 And I did want to reiterate what a previous comment was

1 made about the City Mission. I thought it was intolerable
2 that National Fuel turned the gas off, so they couldn't
3 provide hot meals for the folks who need it in the City of
4 Erie. I thought it was just reprehensible.

5 Thank you for giving me the opportunity to talk. Thank
6 you for coming to Erie to listen to us. And I appreciate the
7 comments.

8 Do you have any questions?

9 JUDGE HOYER: Any questions?

10 (No response.)

11 THE WITNESS: Thank you.

12 JUDGE CORBETT: What is your current address, please,
13 ma'am?

14 THE WITNESS: 2260 West 22nd. Currently. I don't know
15 how long I'll be there.

16 JUDGE CORBETT: Thank you.

17 (Witness excused.)

18 JUDGE CORBETT: Robert Mitchell, Bertha Lewis, James
19 Phillips.

20 You may proceed.

21 Whereupon,

22 BETTY DUSICKO

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 THE WITNESS: Hello, my name is Betty Dusicksko, D-u-s-i-

1 c-s-k-o. I live at 1835 Pinewood Drive, Fairview,
2 Pennsylvania 16415. I have never --- I'm a National Fuel Gas
3 customer.

4 I would like to read to you a little paragraph from a
5 letter I wrote to the PUC in April of 2003, protesting their
6 rate increase then. And I also wrote in 2005. I wrote to you
7 in 2006.

8 At the time, I was on balanced billing a little over a
9 year ago. So, that would have been 2002. I was paying \$73 a
10 month. Now that --- and then, the rate went up to \$106 per
11 month. That was in 2003. However, I'm now paying \$176 a
12 month, balanced billing. I'm not using anything except a
13 little bit of gas in my water heater.

14 I'm a widow. I'm on a fixed income. I'd like to find an
15 alternative provider. And I was told there would be one
16 available in this region, but, so far there's none. And I'm
17 at the mercy from --- of National Fuel Gas.

18 I can't afford another \$10. That would bring it up to
19 \$186 a month. I can't even afford the \$176 a month. I have
20 to keep going into my lifetime savings. I already had my ---
21 put in new insulation in my attic, and around the walls of the
22 basement. And I contracted out to get a new boiler, gas
23 boiler, because mine is 40-some years old.

24 I couldn't afford the 90% efficient one. That was over
25 \$7000. So, I had to get the 84% efficient. I won't --- won't

1 save very much, but, if I save a little, and then, National
2 Fuel's going to charge me a surcharge for saving a little bit
3 of money, what's the sense?

4 This is all I have to say. Thank you.

5 JUDGE HOYER: Thank you.

6 Any questions?

7 (No response.)

8 (Witness excused.)

9 JUDGE CORBETT: Robert Mitchell.

10 Whereupon,

11 ROBERT MITCHELL

12 having been previously duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 THE WITNESS: My name is Robert Mitchell, M-i-t-c-h-e-l-
15 l, 8375 Wattsburg Road, 16509. I'm a National Fuel Gas
16 customer.

17 JUDGE CORBETT: What is your occupation, sir?

18 THE WITNESS: I'm retired from Elgin Electronics.

19 JUDGE CORBETT: Thank you.

20 THE WITNESS: I have a short statement, and then, I'll
21 pass out a copy.

22 Every business makes changes to buy new equipment, based
23 on a Cost Benefit Ratio. In the case of a homeowner, the Cost
24 Benefit Ratio of buying a new fuel efficient furnace would not
25 be smart, if doing so, the price of gas went up, and there was

1 a surcharge.

2 Since there appears to be no gas shortage, National Fuel
3 should be able to tell us customers how much more they could
4 use to prevent the surcharge. The Customer Benefit --- Cost
5 Benefit Ratio benefits, of course, being a more comfortable,
6 when it's zero outside, and you can use more gas, but the Cost
7 Benefit Ratio of a surcharge only benefits National Fuel Gas.

8 Thank you.

(Witness excused.)

9
10 JUDGE CORBETT: Bertha Lewis.

11 Whereupon,

12 BERTHA LEWIS

13 having been previously duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 THE WITNESS: I don't do this for a living. My mind goes
16 flying, and my knees turn to water.

17 My name is Bertha Lewis, B-e-r-t-h-a, L-e-w-i-s. I live
18 at 1656 Biedel, B-i-e-d-e-l Avenue, in Erie, and I am a
19 customer of National Fuel. And I'm upset with them.

20 JUDGE CORBETT: Okay, before you get to that, would you
21 tell us what your occupation is, please?

22 THE WITNESS: I'm retired, and volunteering does not add
23 to my income.

24 JUDGE CORBETT: We always need more volunteers.apologies.

25 THE WITNESS: I have buttons to show it.

FORM 2

1 JUDGE CORBETT: I bet you do.

2 THE WITNESS: Somebody mentioned that, National Fuel co-
3 op service to City Mission, and City Mission provides hot,
4 wholesome meals for many people each day. Plus, they provide
5 beds for those that have no place else to go. And I think
6 National Fuel is just showing their power, since the Governor
7 signed the law that they can cut off the gas at any time,
8 whether the middle of winter, or the hottest day of summer.

9 I would --- if we go on balanced budget billing, there is
10 no way that we can figure out our --- what our bills might be,
11 and whether or not we are being charged fairly, or, if at the
12 end of the year, when they tally up as to whether we owe, or
13 whether we --- or whether we have a credit coming, there's no
14 way we can check it to see. And they can always make us pay
15 more, right now, before next year starts on budget billing.

16 I have a five --- information from five of my bills.
17 Now, I should think that CCF --- the first CCF on the bill
18 should be a basic amount, and should be the same each month,
19 if you use at least that much. But, theirs goes anywheres
20 from 47 to 52 CCF at --- and even these figures, month to
21 month, is not the same. And then, the balance of the CCF, the
22 --- the way they figure it, those amounts are not the same.
23 Like, they have --- one month they had 47 CCF, at .351369.
24 The next month they had 52 CCF, at .347996. And it goes down
25 through that way. And then, the balance was --- for the first

1 month was 72 CCF, at 2 --- .266811. And the next month it was
2 --- the balance CCF was 51, at .271769.

3 Now, this isn't the first time that --- that National
4 Fuel has used the excuse that, because we followed their
5 suggestions and put on more clothes to keep warm, they ---
6 they've done this in the past, and then, they penalize us for
7 following their suggestions. They have used excuses that we
8 had mild winters. We don't have control over the weather, any
9 more than National Fuel does.

10 So, they have us coming and going. We can't --- we can't
11 prove anything. We can't figure our bills, or whether --- as
12 to whether or not they're correct. And why isn't the CCF ---
13 basic CCF always at 50, with the balance at a different rate?
14 And the rates aren't the same. And, why should we be
15 penalized because they can't efficiently manage their money?

16 Thank you for listening.

17 JUDGE CORBETT: Any questions?

18 (No response.)

19 JUDGE CORBETT: Thank you very much.

20 (Witness excused.)

21 JUDGE CORBETT: James Phillips.

22 Whereupon,

23 JAMES PHILLIPS

24 having been previously duly sworn, testified as follows:

25 DIRECT TESTIMONY

1 THE WITNESS: My name's James Phillips, R.D. 2, Box 40,
2 Pittsfield, Pa. I'm from down around Warren County.

3 JUDGE CORBETT: Are you an NFG customer, sir?

4 THE WITNESS: I'm a senior citizen, and retired for eight
5 years from the National Forge, at Irwin, Pa.

6 JUDGE CORBETT: And, are you an NFG customer, sir?

7 THE WITNESS: I've been a customer for over 40 years for
8 National Fuel. And, what I can't figure out is, why National
9 Fuel charges 80 to 100% over the New York commodity price on
10 the stock market for their rate? They have it on the bill,
11 "commodity rate." Yet, it's 80 to 100% over and above the
12 price of what the stock market is. Today it was \$6.57 per
13 1000 cubic feet. My bill I just got here was \$12.75, for 1000
14 cubic feet, for the month of July. I don't know how --- I've
15 questioned several people, called them and asked them. They
16 have no idea how they come up with the rate that they charge
17 the customer.

18 And lately, there can't be no supply and demand for
19 National Fuel, when they have around 38 to 39 billion cubic
20 feet in storage, to the --- on this --- this day, right now.
21 They have that in storage. Not National Fuel, but overall.
22 The whole country. That's a lot of natural fuel, 39 billion
23 cubic feet. Isn't it? I would think it would be.

24 And anyhow, on this here supply and demand, according to
25 what their rate charges are, it follows that line on the

1 supply and demand. That's what we've been told, throughout
2 the last few years, anyhow.

3 And, this here surcharge rate on the bill that they want
4 to increase, what do they get for their \$12 a month for
5 service charge now? They only read the meter every other
6 month. I read it in between that, and send them the cards for
7 what the reading is every other month.

8 So, they haven't reduced the charge on the service
9 charge, because I read the meter every other month. And
10 sometimes, they don't even bother to read it in the
11 wintertime, 'cause it's too cold for them to get out there and
12 read it. And, I would think they would --- it would be their
13 duty to make sure that somebody reads that meter when it's
14 supposed to be read, in the middle of the month.

15 I don't know if anybody other than myself watched the
16 stock market before, but I watch it since I been retired,
17 especially on CNN and NBC on the Finance Channel. And the
18 last six months, the highest for National Fuel on the
19 commodity stock market, it's been under \$8 for 1000 cubic
20 feet. The billing that we get is for 100 cubic feet rating on
21 the bill, which would be 1/10 of what 1000 cubic feet would be
22 on the rate.

23 But, there's several gas wells in Warren County down
24 there, that sells their gas right directly into the line of
25 National Fuel. And, they're paying, what I read and picked up

1 on is around \$5.50 to \$8.50 per 1000 cubic feet for their gas,
2 from the well head, into the National Fuel line. That's 80%
3 less than what the billing is for our bill, anyhow, at home
4 there for National Fuel, for 1000 cubic feet.

5 But, this here, if the PUC doesn't put their foot down
6 and stop this surcharge, they keep right on going. And next
7 year, the year after, it'll be the same thing all over again.

8 They have to stop someplace. The people, especially
9 retirement people that are on fixed income, cannot afford any
10 more than what they are paying right now, and they can't even
11 afford that. There's a lot of them in our neighborhood down
12 there can't even afford --- they go without food, get along
13 without it, or, the county has their food kitchens and stuff
14 they have to go to. And they rely on that.

15 Another thing on this here surcharge, is the --- I don't
16 see why they should be rewarding themselves, when they're not
17 doing the job that they're supposed to be doing now for \$12 a
18 month for their service charge. The billing and the reading
19 of the meter and all that, they're not doing that every month
20 that they should be reading the meter. There's two months in
21 a row they didn't read our meter. They estimated it. When we
22 got the bill it was estimated.

23 And, it has to stop someplace, I would say, pretty ---
24 pretty soon, or the oil companies, insurance companies,
25 specially the health insurance that we're paying. We lost our

1 health insurance through the National Forge, because they went
2 bottom up here eight --- six years ago. So, after I retired,
3 so, we're paying \$500 a month for healthcare insurance, and
4 then, we get our highest gas bill in the winter. It runs more
5 than \$7 a day, \$230, \$240 a month. When I was working, it was
6 only about half that much, eight years ago. Eight, ten years
7 ago, the highest bill was around \$100 a month. It's more than
8 doubled in the last eight years, our gas bill.

9 My home is only 1200 square feet, one floor. And we turn
10 the thermostat down to conserve on energy through the winter,
11 and put on heavier clothes, so we're comfortable living in the
12 house, and we're being punished for this, with higher
13 surcharges to conserve fuel? There's something wrong with the
14 system someplace. And the ones that --- people that's ---
15 this has concern with, it's up to them to put a stop to it,
16 the PUC.

17 Thank you.

18 (Witness excused.)

19 JUDGE CORBETT: I'll call the next four witnesses:
20 Donald Harpst, Mike Anderson, Catherine Hartzell, Harvey
21 Turner.

22 You may proceed, sir.

23 Whereupon,

24 DONALD HARPST

25 having been previously duly sworn, testified as follows:

DIRECT TESTIMONY

1
2 THE WITNESS: My name is Donald Harpst, H-a-r-p-s-t.
3 10011 Wiley Road, Waterford, 16441.

4 JUDGE CORBETT: Okay. You may want to bring the
5 microphone up a little closer to your mouth, sir, so, people
6 in the back will be able to hear you. Thank you.

7 And, what is your occupation, sir?

8 THE WITNESS: I am a retired public school teacher and
9 administrator.

10 JUDGE CORBETT: And are you an NFG customer?

11 THE WITNESS: National Fuel Gas customer.

12 JUDGE HOYER: Thank you.

13 THE WITNESS: I would like to concur with many of the
14 statements that have been made prior to my coming up here this
15 eve --- or, this afternoon. Ken Springirth did a lot of
16 research. I commend him on that. And, the facts and figures
17 speak for themselves.

18 In 1991, I built a small ranch home, in preparation for
19 retirement. I insulated the home excessively. I put in a 95%
20 efficient furnace to conserve, so that, when retirement comes,
21 and I've been on retirement now for five years, that we would
22 be comfortable and we would have less expensive operating fuel
23 system. The bills are just about double what they were when I
24 retired five years ago. With the 40% increase that was handed
25 to us last year, it, indeed, jumped rapidly.

1 The gentleman before me said something about estimating
2 bill reading. I have noticed very consistently that, when
3 they estimate a bill, they always estimate it high. So, you
4 pay for it, and then, maybe you get your adjustment in the
5 next bill. But you pay for it, and they're using your money
6 while you --- while you pay.

7 We conserved. When you conserve and you get penalized
8 for it, there's something wrong with the system. This
9 surcharge makes no sense, whatsoever. A number of people have
10 made that comment, and I just restate that. There is no
11 rationale for this surcharge.

12 When I put fuel gas to my home, it cost me \$4,500 to
13 extend the line across my property. Now, they said, "Well, if
14 the --- " the answer was, "Well, you'll make that up in --- "
15 "in savings over time." I haven't made anything up yet. It's
16 still going the other way. It costs, it costs, it costs.

17 So, I --- I can't say that I can't handle my --- my
18 payments. I'm not complaining in that respect. But it's not
19 right. It's simply not right.

20 Thank you.

21 JUDGE CORBETT: Any questions?

22 (No response.)

23 JUDGE HOYER: Thank you.

24 (Witness excused.)

25 JUDGE HOYER: Mike Anderson. You may proceed.

1 Whereupon,

2 MIKE ANDERSON

3 having been previously duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 THE WITNESS: Good afternoon, everyone. I thank you for
6 your consideration in bringing the meetings to Erie,
7 Pennsylvania, which is often overlooked by the other side of
8 the state.

9 I live at 230 West 9th Street, in Erie, Pa., 16501. I am
10 a customer rep for a catalog company, and I am indirectly a
11 customer of NFG, through my renters' payment each month.

12 My comments today are basically twofold: one, first of
13 all, how it affects me, personally, and then I'll describe my
14 friend. I'm afraid that, with this increase, that my rent
15 will go up to where I can't afford it anymore than I do right
16 now. I'm a diabetic, I take insulin. I'm also --- have a
17 skin disease called psoriasis, which has no cure, and it costs
18 a lot to even treat it. Also going to clinical trials in
19 Cleveland. So, it takes a lot of gas money.

20 My main concern with this increase is how it's going to
21 affect my rent, and also, my ability to care for myself and my
22 medical conditions. I won't --- I can't reiterate any more
23 than what other people have said, but I did want to voice my
24 opinion and put my name on the record. Any you're welcome to
25 contact me at any time, if you need further information on any

1 of this, and psoriasis is not always well --- not as widely
2 known as some other diseases.

3 Thank you, Your Honor.

4 JUDGE HOYER: Any questions?

5 (No response.)

6 JUDGE HOYER: Thank you.

7 (Witness excused.)

8 JUDGE HOYER: Catherine Hartzell.

9 Whereupon,

10 CATHERINE HARTZELL

11 having been previously duly sworn, testified as follows:

12 DIRECT TESTIMONY

13 THE WITNESS: Hello, my name is Catherine Hartzell, C-a-
14 t-h-e-r-i-n-e, H-a-r-t-z-e-l-l. I live at 7390 Bayberry
15 Street, Erie, Pa. 16509. I am disabled, and I am a customer
16 of NFG.

17 I would like to make my comments, because, I feel that,
18 in the long run, a lot of our people are paying higher rights
19 --- rates, due to the fact that, National Fuel Gas has run a
20 lot of their other high-paying company customers out of town,
21 due to the rate increase that they have constantly been
22 increasing. We are unable to take other people's companies'
23 rate hikes onto us. It's not fair.

24 In one of your papers, it says the PUC raised rate
25 paying process and role of consumers paper that was available

1 to us. It says right in the paper, "The utility is regulated
2 by state government to assure fair rates for safe and adequate
3 service." I'm sorry, but I do not feel that these rates are
4 fair.

5 Also, on the back of that, where it says, "Ratepayer
6 role," it says, "Ratepayers must pay for the service they
7 use." Fine. We agreed with using it. But what happens when
8 we're conserving, and then, they're going to charge us again?
9 I can't afford it. I'm disabled. I have medical problems. I
10 have an 80-year-old mother that I help take care of.

11 You people at National Fuel Gas have just gone out of
12 your end of the wick. You think that, us little people can
13 afford your business. I'm sorry, I don't agree with that.
14 You have your big wigs in your company that have their
15 outrageous stocks and pay hikes, and, what about us? Would
16 you like all of us here to give you our bills and let you pay
17 them? I'm sure you wouldn't want to. Would you?

18 Take into consideration all us little people. Thank you.
19 Have a good day.

20 JUDGE HOYER: Any questions?

21 (No response.)

22 JUDGE HOYER: Thank you.

23 (Witness excused.)

24 JUDGE HOYER: And the next three individuals to testify,
25 Harvey Turner, Keith Farnham, Ron Amon, would you please come

1 forward and take your seats?

2 You may proceed, sir.

3 Whereupon,

4 HARVEY TURNER

5 having been previously duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 THE WITNESS: My name is Harvey Turner. That's spelled
8 H-a-r-v-e-y, T-u-r-n-e-r. I live at 9118 Drum Avenue, McKean,
9 Pa. 16426. I've been a customer of National Fuel Gas for
10 probably, 50 years.

11 I --- from what I've heard today here ---

12 JUDGE CORBETT: Your occupation?

13 THE WITNESS: I'm retired. I retired four times, but
14 every time I retire, they raise my bills, so, I have to go
15 back to work.

16 I know what is to run a business. I've worked. It's all
17 condemned here. And I do know that, a lot of times it looks
18 like you need a raise to make things work. Mostly that comes
19 because the higher-ups making the decisions hasn't did a good
20 job. They've got people that's incompetent. I've have
21 dealings with National Fuel Gas, where, a simple thing of
22 coming out and hooking up a meter, a new meter that had been
23 taken out. This requires two gaskets and screwing up the
24 meter. And before that, all they have to do is put a simple
25 little gauge on there, pump up some air into the system, and

1 see if it's leaking.

2 I stood looking over the man's shoulder. He wanted to
3 goof off so much, that he kept saying, "Well, I think I can
4 see the meter moving." And then, after about an hour of him
5 fiddling around there, he says, "Well, I got an emergency
6 call. I gotta leave." And I says, "Well, you're going to
7 have to get into the building, in order to check it out when
8 we're all done. What am I supposed to do, just stand here and
9 twiddle my thumb?" He says, "I don't care what you do, but I
10 gotta go."

11 Anybody that has any dealings with calling United Natural
12 Gas would rather go to the dentist and get their teeth pulled.
13 And people in the office is the most arrogant people you could
14 ever deal with. And the workers are the biggest bunch of
15 goofoffs that ever come down the road. And that is
16 management's fault, because they sit on their turf, up in
17 their big plush chair, and does not get out and get the money
18 that they're paying for. They're paying big money for these
19 workers, and they're not getting their money's worth.

20 That pretty well covers what I have to say.

21 JUDGE CORBETT: Thank you.

22 THE WITNESS: Any questions?

23 (No response.)

24 (Witness excused.)

25 JUDGE HOYER: Keith Farnham. That was Harvey Turner.

1 Keith Farnham.

2 Whereupon,

3 KEITH FARNHAM

4 having been previously duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: My name is Keith Farnham, K-e-i-t-h, F-a-r-
7 n-h-a-m. I'm retired. I'm a National Fuel Gas --- Fuel Gas
8 customer. I've lived in Fairview for 34 years.

9 JUDGE HOYER: And your address?

10 THE WITNESS: 7142 Old Ridge Road, Fairview,
11 Pennsylvania.

12 In my business career, I was primary systems analyst. I
13 worked for both large and small companies. Since my
14 retirement, I've been a member of the Erie Score Group, which
15 provides counseling to small businesses. And we provide free
16 confidential counseling. And I consider myself the speaker on
17 business practices. I've prepared a prepared statement.

18 Probably not the smartest guy in the room, but for the
19 past four years I have invested \$14,000 in my house, to make
20 it more energy efficient. I justified the investment, based
21 on projected savings in energy costs for gas and electricity.
22 I replaced the roof, replaced all windows, installed new
23 furnace and water heater. Many other customers have done
24 similar things.

25 National Fuel Gas Distribution Company is requesting to

1 change in the way they are paid for their service. The
2 request to charge customers for the gas they do not use would
3 insulate NFG from normal market forces and remove the
4 incentive to manage the business in a cost effective way.
5 This is an unfair request, and does not serve the public
6 interest. National --- natural gas must be conserved, and NFG
7 must be required to encourage that conservation.

8 When I examine my bill from National Fuel, I find that my
9 charges consist of a charge for the gas that I use and a
10 charge for the cost of delivering the gas to my house. I
11 understand that I could select to obtain my gas from some
12 other provider, but, in Erie I'm not sure that's possible.
13 But I would still pay NFG for the delivery costs.

14 When I look at my bill, and I've attached a couple of
15 bills, I find two sections. One is a commodity charge and a
16 current delivery charge. The delivery charge has one, flat
17 charge, the customer charge, and at least two rates that are
18 associated with the cost of delivery. All of the delivery
19 charges --- charge rates seem to vary on a monthly basis, and
20 I've given you the table. It would seem that, NFG has a
21 regulated means to recover the costs of delivery. Why are
22 they asking for a surcharge, based on reduced customer usage?

23 Every business must manage their fixed costs and the
24 associated breakeven analysis. This is the sales value
25 required to recover business costs that do not vary with

1 sales. Some companies structure their business units to have
2 no fixed costs. Major businesses like Chrysler and IBM, when
3 faced with significant decrease in sales volume, have reduced
4 their fixed costs, put down facilities.

5 NFG has claimed publicly, that they need the surcharge to
6 help cover their fixed costs, which means they understand
7 this. What have they done to reduce these costs? The usual
8 list includes reducing staff, reducing benefit costs,
9 eliminate or consolidate the physical locations, downsizing
10 facilities, replacing owned equipment with leased equipment,
11 et cetera. Given its utility --- utility status, NFG should
12 make public the details of their breakeven analysis, and let
13 other experts verify or challenge their list of fixed costs.

14 In summary, there are two reasons the PUC should not
15 approve this request. There are existing rates for the
16 provided service. Why are these rates not adequate to cover
17 the costs? There's no apparent constraint on these rates.
18 The table shows they vary month to month.

19 Secondly, NFG must manage any decrease in sales volume
20 due to customer conservation, by reducing the cost of
21 delivery. No other business could stay in business by raising
22 prices to make up for their declining sales volume.

23 Thank you for the opportunity to make these comments.

24 JUDGE HOYER: Any questions?

25 (No response.)

1 JUDGE HOYER: Thank you.

2 (Witness excused.)

3 JUDGE HOYER: Ron Amon.

4 Whereupon,

5 RON AMON

6 having been previously duly sworn, testified as follows:

7 DIRECT TESTIMONY

8 THE WITNESS: My name is Ron Amon. I live at 10 Dillon
9 Drive, Youngsville, Pennsylvania.

10 JUDGE HOYER: Can you spell your last name, please?

11 THE WITNESS: A-m-o-n. And I am a retired person.

12 What I have to say is --- and I am a consumer of National
13 Fuel --- is really only to underscore what's been said here
14 before. I speak as just one person, but, of many people
15 similar.

16 Most of us really work hard to try to conserve energy.
17 In our family, we have --- we wear layers and sweaters during
18 the winter. We turn down the thermostat to 62 at night. This
19 past winter when we were away, we had done some
20 experimentation. Sometimes we're away for about three months
21 of the year. So, we have tried to shut all of the gas off in
22 our home, and successfully, without doing damage to our home.
23 That simply means we have to take extra care and time to drain
24 all the pipes. It meant that we had to have a plumber come in
25 to make sure that we could do it safely, not only shut off the

1 gas, but drain the water pipes correctly. It means that we
2 buy wood and cut wood to help the fireplace be used. These
3 are efforts which we have used in our family to try to
4 conserve.

5 But I understand that, they're opposed to the effort to,
6 what I would say penalize us for our efforts to conserve. It
7 seems to me that, that concept of charging us for gas not
8 used, really, is outrageous. I can't think of any --- the
9 rationale behind it, or the logic behind it. And if that
10 logic were to be sustained, it would seem to me that, any
11 business could use the same argument. The gasoline company
12 then could say, "Well, we want to surcharge you for using a
13 smaller car, or more efficient car." In other words, the
14 logic behind the attempt of this surcharge or tariff, or
15 whatever you want to call it.

16 We --- I feel trapped, trapped as a consumer, by the
17 proposal, trapped on the one hand by having no alternative
18 provider, trapped by --- on the front end, by increased rates,
19 and then, trapped at the other end by the charged portion of
20 what I don't use. So, the more I conserve, a portion of that
21 money saved goes back to the company. So, I feel trapped
22 between those forces.

23 And it just seems to me that, it really is not fair. And
24 I --- I want to share this. This is the last thought, and
25 really, out of respect. I'm interested in finances. And I do

1 --- I watch a lot of finances and interest in business. And I
2 will say, not in disrespect, not disrespect, but, if National
3 Fuel honestly, honestly cannot make it in the marketplace, it
4 might have to be consider merging, or being bought out by
5 another larger company, that might be able to --- to keep the
6 rates at a more efficient level.

7 But I appreciate again, your --- all of your time
8 here, and the opportunity to --- to --- to be heard. Thank
9 you for this time.

10 JUDGE HOYER: You're welcome.

11 (Witness excused.)

12 JUDGE HOYER: Would the following individuals come
13 forward: Laurie Schreckengost, Mary Warner?

14 Okay, Laurie Schreckengost.

15 Whereupon,

16 LAURIE SCHRECKENGOST

17 having been previously duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE HOYER: Would you begin by giving us your name, and
20 spell your last name, please?

21 THE WITNESS: Yes. L-a-u-r-i-e, S-c-h-r-e-c-k-e-n-g-o-s-
22 t, 12 Mindi, M-i-n-d-i, Court, Erie, Pa. 16510.

23 JUDGE HOYER: Current occupation?

24 THE WITNESS: I'm on disability and a volunteer.

25 JUDGE HOYER: Are you a customer of NFG?

1 THE WITNESS: Yes.

2 JUDGE HOYER: Thank you.

3 THE WITNESS: Okay. I don't usually do this at meetings,
4 so, I'm nervous.

5 I moved off --- I moved off subsidized housing five years
6 ago. With the rates continually increasing, I'm afraid, at
7 some point, I may have to go back onto that, which is
8 government assistance, which I really did not want to do. And
9 that's one of my biggest concerns. I just want to stay off
10 government funding and be an independent as I can. And that's
11 just becoming more and more difficult to do that.

12 Also, they have in the envelopes, or where you can put
13 one, two or three dollars to help the poor. The problem is,
14 with the rates continually increasing, there's less and less
15 people able to that. You know, they're having to move on to
16 help themselves. And, I guess that's basically my real
17 concern here.

18 Thank you very much for your time.

19 JUDGE HOYER: Thank you.

20 Questions?

21 (No response.)

(Witness excused.)

22
23 JUDGE HOYER: Mary Warner.

24 Whereupon,

25 MARY WARNER

1 having been previously duly sworn, testified as follows:

2 DIRECT TESTIMONY

3 THE WITNESS: My name is Mary Warner, M-a-r-y, W-a-r-n-e-
4 r, 500 Culbertson Drive, Grove City, Pennsylvania. And I'm
5 retired, and I'm a customer of NFG.

6 I just want to say that, my --- we're --- my husband and
7 I are both retired, and, he has to work three, four days a
8 week, just to keep our head above water. And all these ---
9 you know, you pay like, when you get a senior, you're paying
10 like, five kinds of insurance. And, this is just going to be
11 the straw that breaks the camel's back, if they just keep
12 going up on all these things.

13 We're going to probably have to sell our house in a year
14 or two, because we can't afford to pay the taxes anymore.
15 It's just --- you know, I don't know how much they just think
16 they can keep doing these things. I don't think they realize,
17 you know, how hard it is for people.

18 I know several people that had their gas shut off. And I
19 know people that kept their gas at 60 degrees in the winter.
20 It is freezing when you go in their house. It's got to end
21 somewhere. There has to be a better solution. And I agree
22 with what everybody else has said, what Ken Springirth is, you
23 know, checking into all that. He's certainly right.

24 Thank you.

25 JUDGE HOYER: Thank you.

1 Questions?

2 (No response.)

3 JUDGE HOYER: Thank you.

4 (witness excused.)

5 JUDGE CORBETT: Next witnesses, Fred Wellman, Harry
6 Renton, Evelyn Mattes.

7 Whereupon,

8 FRED WELLMAN

9 having been previously duly sworn, testified as follows:

10 DIRECT TESTIMONY

11 THE WITNESS: My name is Fred Wellman. I live in
12 Fairview, Pennsylvania 7746.

13 JUDGE CORBETT: Could you spell your last name?

14 THE WITNESS: W-e-l-l-m-a-n.

15 JUDGE HOYER: Thank you. The court reporter thanks you.

16 THE WITNESS: Thank you very much.

17 I don't have too much to add to what's been said here,
18 but, I think Ken Springirth covered all the mathematics pretty
19 well. But I did do some simple calculations. I'm a retired
20 engineer. And, I did some simple calculations, that I keep
21 pretty accurate records on my fuel bills over the years. And
22 from 1975 to 2005, the price of gas has gone from 1975, 1.6990
23 per 1000 cubic feet, and in 2005 it was 14.9411. That's shows
24 you the amount of increase over that period.

25 Now --- and I am a National Fuel Gas customer, and I have

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1 been for probably for over 50 ye --- 50 years.

2 And I wondered what these small businesses are going to
3 do. I have a daughter that has two small businesses, and
4 she's up to here (indicating) with fuel bills. You gotta keep
5 it warm for the customers when they come in. And, you know,
6 today, they're all small businesses. The conglomerates are
7 big, but, in Pennsylvania here, we've got all small
8 businesses. And they have these high fuel bills to pay. I
9 don't know how they're going to do it. She can't charge more.

10 And I wonder, too, when I get my gas bill every month,
11 there's some advertisements in there. Is that reported on the
12 National Fuel reports to the government, the money they get
13 from those advertisements? Every bill, every month, it's got
14 at least two or three in there. They're little pieces of
15 paper, about 4X8, and, they must be getting money for that
16 from somebody that they're doing the advertisement for. And I
17 just wonder whether they --- maybe they're following it up the
18 IRS, for all I know. I'm not a stockholder, you know, in NFG,
19 so, I don't get their financial reports. So, I wondered about
20 that, because I've never seen anything in the literature about
21 it, about what monies they get from those advertisements.

22 And, these figures that I gave you are total costs.
23 They're not just for the gas. That includes all the charges.
24 That's my bill. Whatever is included on that bill, I included
25 in those numbers. And I'll repeat those. In 1975, it was

1 1.6990, and in 2005, it was 14.9411.

2 Now, that --- I have been a conservationist all these
3 years, all my life, practically. And I have a wood burner
4 that I try to use when I'm able to go out and cut some wood
5 and bring it in. So, I try to cut my fuel bills that way,
6 also. So, maybe my numbers are a little lower than somebody
7 else's, because I do --- I got --- I got a newer home I built
8 in '85, and I got a foot of insulation in the attic, one story
9 only. I've got insulated windows, and I've got the insulation
10 in the side walls, and I've got insulation --- instead of
11 plywood, I've got insulation in there, so that, I can attach
12 my siding and everything. So, I --- I don't know where it's
13 going to stop. I don't know how these people can do it that
14 live in older homes that aren't insulated. And, I know some
15 of them have said they've spent a lot of money. And I think
16 that's true, they have.

17 Now, the other thing, I consider this a courtroom. Is
18 that right, Judge?

19 JUDGE CORBETT: That's absolutely correct.

20 THE WITNESS: Okay. I wonder --- I am a --- I am a World
21 War II Veteran, and I wonder where the American flag is
22 displayed in this room? I looked all around this room, and I
23 don't see one.

24 JUDGE HOYER: That's a good point. We'll see what we can
25 do about that.

1 THE WITNESS: And I think you should.

2 JUDGE HOYER: I agree with you.

3 FROM THE FLOOR: I agree with you, too.

4 THE WITNESS: I've been honored by the --- well, I want
5 to thank the Representative Evans. We had some veterans at
6 this meeting. You --- the State of Pennsylvania recognizing
7 that, that were going through hell, literally. And I
8 appreciate that, for all they've done. I went in at the tail
9 end of World War II, and I know what some of them went
10 through. And I really appreciate it.

11 And thank you very much, Judge. And if there's any
12 questions?

13 JUDGE CORBETT: Any questions?

14 (No response.)

15 JUDGE CORBETT: Thank you very much, sir.

16 (Witness excused.)

17 JUDGE HOYER: Next, is there a Harry Renton?

18 MR. RENTON: Renton.

19 JUDGE HOYER: Okay.

20 JUDGE CORBETT: While you're coming, sir, let me also
21 call Evelyn Mattes and Jeannette Castorina.

22 Mr. Renton.

23 Whereupon,

24 HARRY RENTON

25 having been previously duly sworn, testified as follows:

DIRECT TESTIMONY

1
2 THE WITNESS: Thank you, Your Honor ---

3 JUDGE CORBETT: Sure.

4 THE WITNESS: --- (Continuing) --- for allowing us to be
5 coming here today to express our feelings towards what's been
6 happening.

7 I attended a previous meeting held in regards to the gas
8 company coming in and presenting their --- their half of the
9 problem. I am sure that they do have a lot of problems in ---
10 in getting their gas to and from the manufacturing or --- or
11 to the represent --- or to the customer, such as mine.

12 I am --- I live at 1920 Zimmerly Road, Erie, Pa. 16509.
13 I am a fuel customer, and I have been for the last 40 years.

14 JUDGE CORBETT: What is your occupation, sir?

15 THE WITNESS: I'm retired. Before 40 years ago, I did
16 work for the --- the gas company, but not this one:
17 Manufacturers Light and Heat.

18 I, personally, request that no settlement will be made
19 here, that would come to an agreement on any rate increase. I
20 --- I would like to present that, while those people, like
21 myself conserve, we're still going to be taxed more in the
22 long run.

23 I bring up the point one person brought in here that
24 they're going to be --- have to get a new boiler. I have to
25 get a new boiler. And \$7000 sounds like an awful lot of money

1 when you can go to the --- to a Sears or somewhere else and
2 get a furnace for \$3 or \$4000. Unfortunately, in a boiler
3 system, it costs a little bit more. And if you want to have a
4 --- a high efficiency furnace, such as a Munchkin or a --- one
5 other one, it's going to cost you \$7000. The payback is
6 approximately, 10 years. And I'm sure that --- that Mr.
7 Kanagy can tell you, that's what the fuel company figures on.
8 Had I put the furnace in five years ago, I'd have been in good
9 shape. But if I put the furnace in now, I'm 77, and I'm not
10 quite sure I'm going to make it through those 10 years or 7
11 years payback.

12 I --- I want to bring out something that no one else has
13 brought up. For those who do put new insulation in, new
14 furnaces, and new hot water heaters, even the Federal
15 Government has felt, that this is a necessary encouragement.
16 And they will give you --- they will allow you, through the
17 IRS, a \$500 deduction.

18 Years ago, the gas company gave money to an organization.
19 If you didn't have a certain income, you could apply for ---
20 Mr. Kanagy, what was the organization? I don't know. Corry?
21 Well, anyhow, they --- they gave you some incentive to pay for
22 this.

23 If we talk about trying to get a little bit of money back
24 for the seniors, the ga --- the school districts in Erie
25 County offer volunteer programs to give seniors money off

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1 their school taxes. I don't believe that the gas company
2 offers anything anymore. They used to offer something to the
3 County for those people who've met the --- met the criteria of
4 a certain income. But they don't do that anymore.

5 But I --- I just basically wanted to just come here and -
6 -- and tell you that --- that it is an expense to put a new
7 boiler in, and if you --- if the payback is in 10 years, the
8 cost that I would --- I would try to save out of that \$7000,
9 would never make it, if you continue to allow the gas company
10 to raise the gas taxes. And the surcharge is certainly not a
11 --- viable for those people who are on a strict pension.

12 Thank you very much.

13 JUDGE CORBETT: Thank you, sir.

14 Any questions?

15 (No response.)

16 (Witness excused.)

17 JUDGE HOYER: Evelyn Mattes.

18 Whereupon,

19 EVELYN MATTES

20 having been previously duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 THE WITNESS: I'm Evelyn Mattes, 3935 Applegate Drive.
23 That's E-v-e-l-y-n, M-a-t-t-e-s. That's Erie, 16510.. I'm
24 retired, and I'm a customer of National Fuel.

25 Not only my furnace runs by gas, but my water heater, my

1 stove and my clothes dryer. I'm in my 60's, my husband has
2 died, I live on Social Security, and I'm low income. I still
3 have a mortgage on the house, and I had to take out a second
4 mortgage to put a new roof on the house. So, I'm --- I'm a
5 struggling senior, and I drive a '93 Oldsmobile.

6 I came here today, because I want to get my concerns on
7 the record. People are going through hard times. They're
8 financially struggling, and they are conserving. And --- and
9 so, I ask that you please deny any increase or --- or
10 surcharge.

11 For my own feeling, part of the problem --- my experience
12 with National Fuel Customer Service has been terrible. And I
13 feel the utility needs to start working with its customers,
14 not just adding on surcharges and sending shutoff notices.

15 Last year, there was a person on the television saying
16 that they would not shut off your gas if you were low income.
17 But in May, a man came to my house to shut off my gas. I
18 absolutely panicked. I had a check already made out, but I
19 had health problems, and I didn't get downtown to pay it. So,
20 I gave him the check, and then, later I went to make the
21 payment arrangements. So, I would pay them so much each month
22 on the balance that I owed from the winter.

23 This winter, the gas bills were the highest ever. I got
24 a shutoff notice for April. I phoned, then explained I have
25 applied for LIHEAP in March, and I just got an application for

1 Crisis, and I was going to put that in. The woman demanded
2 that I come down there that day and make a payment
3 arrangement. I said, "I can't do that, because I have to wait
4 till my benefits are determined." So, I --- I was so upset.

5 I know someone that has a Buffalo phone book, so, I
6 looked up the number of the office in Buffalo, and at my own
7 expense I called there, and fortunately, I spoke with a nice
8 woman, explained the situation, and she put the termination on
9 hold, until they had a chance to determine my LIHEAP and my
10 Crisis benefits. But, I was on edge for weeks about this, and
11 I had to take medication to sleep that night. It --- it was
12 terrible.

13 So, there were cold nights in spring, so, I was unable to
14 pay the entire amount of my April and May bills. I went in
15 person to make a payment arrangement, which they wanted me to
16 do. However --- and I made a payment arrangements for years.
17 I've always caught up in the summer. Okay.

18 I was told this year, that the company policy is, that
19 anyone making a payment arrangement, must be on budget
20 billing. I said, "I cannot do that." It goes on your usage
21 of gas. It does not consider your income, which mine is low,
22 and I have to rely on the LIHEAP benefit. The budget amount
23 that they want is 17% of my income. I can't do that. I got
24 nowhere.

25 So, I got a shutoff notice for July. I wrote a letter to

1 the PUC, asking for their help. And it's now a case. It's
2 Case Number 2104072. That stopped the shutoff for July. But
3 I haven't heard any more about it.

4 I want to get this paid, so, I've been sending an extra
5 \$35 each month on the balance I owe. I have written several
6 letters and asked them to please accept my payment
7 arrangement. They have never responded to any of my letters.
8 They have left me hanging all summer. I'm still upset and
9 frustrated. I'm worried about the coming winter bills. I'm
10 worried about the threat of the shutoff again in April. And
11 I'm asking for your help and compassion.

12 Thank you for listening to me.

13 JUDGE CORBETT: Thank you very much.

14 I think it may be worthwhile at this point, if you talk
15 to a couple of the company representatives who are here.

16 THE WITNESS: I think they're in the back?

17 JUDGE CORBETT: In the back, yes. And, this sounds to me
18 like, without putting my nose in something, and prejudging
19 something, it sounds to me like it might be something that you
20 could work out with the company.

21 THE WITNESS: I hope so.

22 JUDGE CORBETT: And see if you can talk to their
23 representatives here and maybe get it solved at this point, so
24 you put your mind at ease. Okay?

25 THE WITNESS: Thank you, Your Honor.

(Witness excused.)

1
2 JUDGE CORBETT: Jeannette --- I always say this name
3 incorrectly, excuse me --- Casterna?

4 MS. CASTORINA: Jeannette Castorina.

5 JUDGE CORBETT: Castorina, I'm sorry.
6 Whereupon,

7 JEANNETTE CASTORINA

8 having been previously duly sworn, testified as follows:

9 DIRECT TESTIMONY

10 THE WITNESS: J-e-a-n-n-e-t-t-e, C-a-s-t-o-r-i-n-a, 5750
11 Old Glenwood Park Avenue, Erie, Pennsylvania, unemployed,
12 National Fuel Gas customer for over 25 years.

13 JUDGE CORBETT: Okay.

14 THE WITNESS: Good afternoon to all of you. Thank you.

15 Whatever happened to common sense? We have experienced
16 all kinds of rate increases over the years requested by
17 National Fuel Gas. There is always some excuse for these
18 increases. One of these excuses was Hurricane Katrina. I
19 wonder if National Fuel Gas is currently developing a proposal
20 to increase rates for the upcoming Hurricane Ernesto?

21 Any type of increase, of any type, proposed rates by
22 National Fuel Gas is not warranted. National Fuel Gas has no
23 competition in Northwest Pennsylvania. National Fuel Gas has
24 experienced increased profits and their stockholders have
25 received increased dividends every year. At whose expense?

1 Because of these increased rates, some consumers are
2 forced to make life-threatening decisions: how to live, and
3 how to make ends meet.

4 Many consumers receive LIHEAP from the government,
5 because they cannot cover these increased rates. The LIHEAP
6 requirements this year, the income level has also risen to
7 accommodate these increased rates. In essence, the consumers
8 cannot afford these rates.

9 Please examine the numbers of the consumers who receive
10 natural gas, and compare them to the number who receive Energy
11 Assistance for this commodity. I am not privy to this ---
12 these numbers, but I can tell you, that there is, in some
13 areas in Ohio, just across the line, who's paying \$2.25 for a
14 gallon of gas.

15 How many companies indirectly receive funds from the
16 government, who supposedly help their consumers? As National
17 Fuel Gas is the imperial company of Northwest Pennsylvania,
18 our only hope is you, the PUC, and the eventual Decision by
19 the Judge.

20 Just look at the number of Informal and Formal Complaints
21 issued to the PUC. Just look how many people are here. Why
22 are families and businesses leaving Pennsylvania? It doesn't
23 take a brain surgeon to see that there is something wrong
24 going on. And the final Decision is yours.

25 Deny any type of rate increase requested by National Fuel

1 Gas. They don't need it. Please, with the utmost respect,
2 use common sense when evaluating our Complaints.

3 Thank you,

4 JUDGE HOYER: Any questions?

5 (No response.)

6 (Witness excused.)

7 JUDGE CORBETT: Is that Bill del Sol? William Bunce,
8 Michael --- Michael Casolo.

9 Good afternoon, sir. You may proceed.

10 Whereupon,

11 BILL del SOLAR

12 having been previously duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 THE WITNESS: Good afternoon, gentlemen, lady. My name
15 is Bill del Solar. That's spelled d-e-l, S-o-l-a-r. I reside
16 at 1505 Fairmont Parkway, Erie, Pa. 16510. I am an NFG
17 consumer. I'm also a manufacturer's agent and Licensed
18 Testbook Tester.

19 NFG, as far as my information's concerned, is a
20 stockholder-owned company, without any competition. I wish I
21 didn't have competition in my sales end. But the only
22 restraints that the NFG has is from the PUC. The PUC is the
23 only guardian of the consumers. Unfortunately, they are paid
24 by the utilities which they oversee.

25 The surcharge that is under discussion now should be

1 denied in total. The company has been a profitable company
2 for many, many years. If this rate increase is added, it only
3 goes to their bottom line to make their company more
4 profitable. I think we can do better than that.

5 Thank you.

6 JUDGE CORBETT: Thank you, sir.

7 Any questions?

8 (No response.)

(Witness excused.)

9
10 JUDGE CORBETT: William Bunce. I hope I'm pronouncing
11 your name correctly.

12 Whereupon,

13 WILLIAM BUNCE

14 having been previously duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 THE WITNESS: Thank you, Your Honor, to let us be here.
17 My name's William Bunce, B-u-n-c-e, 530 A Shimley Drive, Erie,
18 16505, retired.

19 JUDGE CORBETT: Are you an NFG customer, sir?

20 THE WITNESS: I've been a customer for close to over 60
21 years. And, I'll probably repeat a lot of what people say ---
22 already said. But, however, I think that better management
23 will save the company a lot of money. Overseeing the help and
24 make it --- the help more efficiently would be one big thing.
25 'Cause I've seen that with different utility companies, people

FORM 2

1 loafing and not doing their jobs, and so on.

2 Like, open up gas facilities and have to come out four
3 times because, they say it's leaking, and it was leaking on
4 the other side of the meter from where it was and into the
5 building. And they should be able to see that. They should
6 have the knowledge to do that.

7 And sleeping in the trucks, and I seen that, myself.
8 Because of my business, I seen that, when gas was supposed to
9 be turned on by a building contractor, and he wait for two
10 days more for it to be turned on because, somebody's taking a
11 nap in a dual-wheel truck, with all the equipment in it, and
12 pulled away after the nap. And, I haven't seen that for quite
13 a few years but, that does happen. I see it with city
14 departments, too, but I think they kind of clamped down on
15 that, too.

16 But --- and then, I own business --- I run four different
17 businesses in my life, and --- and you have to get efficiency
18 from your people who works for you. Because, it seems to be
19 human nature for people to sluff off and don't have --- and
20 don't have the self-starting abilities they should have. And
21 that has to be overseen.

22 Another thing that I can't understand, I can --- if a
23 person like me can see the gas company wastes money, why can't
24 the high officials who work --- work for the gas company see?
25 I mean, why do they have to spend millions of dollars,

1 advertising, "Please use our gas, because it's a clean heat"?
2 Well, everybody wants the gas, and that's --- and you have no
3 competition, so, why spend millions of dollars advertising, in
4 magazine and TV and radio? I can't understand that. And
5 that's just a couple of little things. Inefficiency doing the
6 work and so on. They can do a lot better.

7 And then, another group of people is getting hurt that
8 nobody's mentioned yet, is the people that has to rent. They
9 can't afford their own place. And, they can't afford to own a
10 home, but it's --- they have to rent. So, I know people
11 that's paying 50% of their income on rent, and the rent's
12 going to go up next year, because the gas prices are going up.
13 The landlord has to raise their rates. Where are those people
14 going to go? Everybody can't go on government subsidized
15 housing. And some of them don't --- is on the border line,
16 can't qualify for it. But the landlords have to raise the
17 rent to pay the gas for their tenants. So, the rent has to go
18 up. Well, what are those people going to go?

19 So, that's about all I got to say. Thank you very much.

20 JUDGE CORBETT: Thank you, sir.

21 Any questions?

22 (No response.)

23 (Witness excused.)

24 JUDGE CORBETT: Michael Chrisolo.

25 MR. CASOLO: Casolo, sir.

1 JUDGE CORBETT: Casolo. Thank you, sir.

2 Whereupon,

3 MICHAEL CASOLO

4 having been previously duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 THE WITNESS: Yes, sir. My name is --- my name is
7 Michael Casolo, and I've been a customer of National Fuel for
8 years. I've also been a critic of National Fuel.

9 JUDGE CORBETT: Would you start, sir, by ---

10 THE WITNESS: Good afternoon, ladies and gentlemen.

11 JUDGE CORBETT: Good afternoon, sir. Would you spell
12 your last name for the court reporter, sir?

13 THE WITNESS: My name is Mike Casolo, the way I'm billed
14 at National Fuel. I'm retired. My address is --- my last
15 name is spelled C-a-s-o-l-o. I'm retired. My address is 401
16 North Broad Street, Ridgway, Pa. 15853. I drove 100 miles to
17 come up here.

18 Now, my question is, I've been in contact with National
19 Fuel and with the Consumer Advocates Office. And, boy, I'm
20 telling you, the thing that bothers me is that, National Fuel
21 says they don't make any money on natural gas. Well, Katrina
22 was a catastrophe for this country. And the price of gas went
23 up. And I don't blame National Fuel for the price of gas ---
24 cost of gas is up. They got to recover that. But then, when
25 the cost of gas goes down, and they hold the costs right up

1 for when it was up, that --- that's the part that bothers me.
2 And I think the PUC should have looked after that.

3 I've been in contact with the PUC, and I told them about
4 it, and never --- never heard no more. I've been in contact
5 with the Consumer Advocates Office. They've answered me,
6 notified me of this hearing.

7 And I had --- I have here (indicating) two copies for
8 January and February of this year. And I get my quotes out
9 of the Bradford paper, through the Henry Hub. It's a gas
10 exchange. And also, on CNBC, the NYMEX, New York Mercantile
11 Exchange. And the price of gas, for the month of January, was
12 \$8.74 on the NYMEX, and \$8.80 on the Henry Hub. That's for 18
13 days and 21 days. Now, someone on the Henry Hub, sometimes
14 the price is not available. So, I'm fair, and I just write
15 when the price is down there, and I add it up and the number
16 of days and divide it and get the average.

17 And in January of '06, National Fuel charged \$13.46 per
18 1000 cubic foot. Now, if they say they ain't making money on
19 gas, and they can buy gas for \$8, plus the transport charges.
20 Now, they tell me the transport charges is .33 per 1000 to
21 transport. So, that makes it around the \$9 range. And when
22 you can buy something for \$9, and sell it for \$13.46, you're
23 making money.

24 And at the same time, gas has gone from --- from this
25 \$8.80 average, and \$8.74 from January, it's gone down to as

1 low as \$5.50 in June and July. And I was charged --- and I
2 was charged \$12.74 from February --- from February rates
3 through June was \$12.74 per 1000, and in July, it's \$12.35 per
4 1000.

5 Now, to save time, I come down from Ridgway. And, in
6 Portland Bailes and the Hulton area, there's massive storage
7 fields. Them gas fields there used to supply --- used to
8 supply Elk County with all of their gas needs, used to supply
9 the massive storage area there.

10 And --- and prior to Katrina, in August, they adjusted
11 their rates. They adjust them every quarter. Am I right?
12 Every quarter they adjust them. I think it's February, and
13 May, and August, and November.

14 Alright. In August, when they projected their costs for
15 the year, it was \$10.44. For September, it was the same
16 thing. For October, it was the same thing. November, it was
17 \$13.52. That's alright. The price of the gas was up to \$15.
18 And I --- I appreciate that National Fuel just charged \$13.52.
19 But then, in January, when that price come down to \$8.80, and
20 they charged \$13.46, now, that --- that just isn't right. And
21 what amazes me is that, the PUC has never looked into this.
22 They just let them do whatever they want to do.

23 Now, I have here --- I have here that, the service
24 charge, the service charge for --- alright. The service
25 charge for June was \$11.60 --- or \$11.65. Yes. And in July,

1 this last month, the bill that I got this month to pay,
2 through July of --- I got the bill today for this month, was
3 \$13.64. And that's \$1.99 difference.

4 And it was the same way in January. It was \$13.19.
5 February was \$10.44. In March, it was \$13.64. How could the
6 company --- is there a company representative here? How could
7 this fluctuate so much every month? You have 215,000
8 customers, at \$2 a customer. That's \$430,000 a month that
9 they can get by just raising that \$2. Well, I always thought
10 a service charge was just a constant charge every month. Why
11 does it fluctuate \$2?

12 So, this is the extent why --- if you --- if you want
13 these --- these two copies here of the gas rates today for
14 January and February of this year, why, I'll gladly give them
15 to you. I don't a copy for each one of you, so.

16 JUDGE CORBETT: You can give that to the court reporter
17 when you're done, sir.

18 Are you finished with your statement, sir? Sir, are you
19 finished with your statement?

20 THE WITNESS: I'm --- I'm finished, sir, yeah.

21 JUDGE HOYER: Okay, thank you.

22 Any questions?

23 (No response.)

24 JUDGE CORBETT: Thank you very much, sir. You can give
25 those copies to the court reporter.

(Witness excused.)

1
2 JUDGE HOYER: We'll call the next witnesses. The
3 following individuals please come forward: Stanley Banak, Vic
4 Hanko, Mary Hanko.

5 Alright, Mr. Banak, if you could please take the podium?
6 Whereupon,

7 STANLEY BANAK

8 having been previously duly sworn, testified as follows:

9 DIRECT TESTIMONY

10 THE WITNESS: Thank you. I don't have too much more to
11 add, I guess. Everything's been said pretty well, Your Honor.

12 JUDGE HOYER: Just state your name and spell it first.

13 THE WITNESS: Okay. My name is Stanley Banak. That's B-
14 a-n-a-k, B as in boy. You want Stanley spelled, too?

15 JUDGE HOYER: That's fine.

16 And your address?

17 THE WITNESS: My address is 1335 Patterson Avenue, Erie,
18 Pennsylvania 16508.

19 JUDGE HOYER: Are you a customer of NFG?

20 THE WITNESS: Yes, sir, all my life.

21 JUDGE HOYER: Okay, sir, your occupation?

22 THE WITNESS: Okay. Well, I'll just start, but I guess I
23 --- what I wanted to mention was, I don't know if the PUC
24 knows anything about four or five years ago. I read an
25 article in the Times newspaper about ---

1 JUDGE HOYER: Before you get started, I just --- I don't
2 know if you heard me. I asked what your occupation is?

3 THE WITNESS: Oh, you want me to tell you, Your Honor.

4 JUDGE HOYER: Okay. You may proceed.

5 THE WITNESS: Sorry, Your Honor.

6 And --- and, the article in the Times newspaper was about
7 the sale of National Fuel's two holdings. They sold one
8 holding for a billion dollars, and one for billions of
9 dollars.

10 And, I don't if the PUC has any knowledge about that, or
11 if they have any knowledge about if natural gas was involved
12 in those deals, or --- or located, or what. That would be
13 something for the PUC to find out if they don't have that
14 information.

15 And, I think it's crazy to ask us to pay for gas --- gas
16 that's unused, if that's what you want to say, gas, and try to
17 keep your expenses down.

18 And also, it's --- it's been advertised that, National
19 Fuel keeps some of its --- turn your --- turn your thermostat
20 down to 60, and save on your gas, and your bills will be
21 smaller. But through the years, the more we saved, the more
22 we spent on insulation and putting in new windows, and
23 whatever you name it. Every time we save on gas, we get lower
24 gas bills, but then, National Fuel's profits come down. But
25 then, they raise the gas. Now, we're paying for gas we didn't

1 use, but saying you have to save and conserve, and they're
2 making twice the money. They're making gas --- they're making
3 gas on the money that we save and conserve for them, and
4 they're paying --- we're paying for the gas that we're using.

5 And I don't think that's right, at all. And I don't
6 think any --- any of these ideas of paying for unused gas,
7 that could start a bad trend. You go to the grocery store,
8 they'll charge me for not buying something. Or I go to a
9 department store and charge me for not buying clothes and this
10 and that. They could go on forever. That's not fair.

11 I never had to pay for nothing in my whole life, and I
12 don't intend to start now. When I pay for something, I get
13 something. I don't pay for anything that's unused or --- and
14 I don't use it. And if I save, why ain't --- why am I taking
15 the effort to save and conserve on gas and everybody else, and
16 it's always the same, because we're charged for it again,
17 anyway. Because if National Fuel doesn't make enough profit,
18 then they raise it --- raise the gas. Then we're paying for
19 gas we save, and gas that we're never going to use. We're
20 paying twice.

21 And, there's a lot of us retired people are in tough ---
22 tough boats, I grant you. And --- and we're crying, too, and
23 so is National Fuel crying. They cry every day and say,
24 "Well, our expenses are up. Our this is up, that's up," you
25 know. But, is National Fuel any different from any other

1 business? Aren't all their expenses deductible before taxes?
2 Are they really losing anything? Is all their expenses really
3 necessary? Or are they making expenses to add deductions?
4 So, I don't know how much taxes they pay on their profit, you
5 know, but I bet they save on their profits, because you can't
6 get much information from National Fuel, whenever I call.

7 And, well, like, me and the wife, we're --- we're ---
8 we're just holding our own. But that's about it. Social
9 Security gives us our cost of living increase. Okay. Now,
10 that raises our gross income every year. But then, Medicare
11 takes, raises Part B. Part B --- and they raised it last
12 year. And that probably took away the cost of living
13 increase. And this year they raised it, they gave us a cost
14 of increase --- living increase, and they --- they took it
15 practically all away.

16 Now, like, me and the wife, we're paying \$88 and some
17 cents, \$88.50 for both of us, each of us, every month, out of
18 our checks, besides \$10.10 toward the new prescription deal
19 every month. Now, that dropped our net down quite a bit. And
20 that drops it down enough, so that, we can't get any help. We
21 can't get any help from National Fuel, 'cause they have a low
22 income level. We can't get any help from Welfare, because,
23 even though they raised it to \$19,000, we're still over that -
24 -- a little bit over. We can't get any help. And I don't
25 think that's right.

1 And I don't feel that National Fuel should be living off
2 the poor people through the Welfare Department and everything.
3 They're like an octopus. They're grabbing it here, and
4 grabbing there, grabbing me here, grabbing it there, grabbing
5 it there. They're all over the place. I thought the Welfare
6 was for poor people only, not rich people. I don't think they
7 should be able to get anything from the Welfare Department.
8 They shouldn't.

9 And --- and, if they raise it again real high, I mean,
10 since the first big raise they made was 24%. PUC okayed that.
11 And that was a shock to everybody. That was quite big at that
12 time. And then, raise, raise, raise, two, three, four times
13 in a year almost. And then --- and then, they come back and
14 well, "We're going to give you the 3 --- " "3% lower next
15 month," or something, in August. Then, I never see it. The
16 next time I hear it, they say, "You're going to get 3% off."
17 The next time they're saying, "We're raising 10.6," or
18 something like that. And I never do see that little bit of
19 help they offer us, that drop in the bucket.

20 And, just like now, they said, well, they're going to
21 help us, I forget how many percent, it was 6. something or
22 something. And there's going to be \$20 off our bill now; \$24
23 and something off our bill. And I'm waiting to get my bill to
24 see if there's going to be \$24 off it. And, it's getting
25 terrible.

1 And ---

2 JUDGE HOYER: Does that conclude your statement, sir?

3 THE WITNESS: That --- oh, I have one more thing. Oh,
4 that's a question, I guess. Oh, yeah.

5 Our provider of gas, we --- National Fuel never made
6 itself known on our bills, that they were the provider. And I
7 don't know if we had a provider before, a different provider
8 before, that wasn't recognized on our bill. Then, all of a
9 sudden, I got this bill, probably during the winter, and it
10 says the provider is National Fuel. In August they say the
11 distributor. And, I wonder if the PUC could find out who was
12 the provider before? And, why you can't --- why you ain't
13 the provider now, and how did National Fuel Company take over
14 the oil --- other provider's place, without consider --- con -
15 -- connecting us, or tel --- we don't have a choice or
16 anything, anymore? Nobody --- nobody gives us that
17 information with that. They don't even tell us ahead of time
18 what they're going to do.

19 We --- we need more information, and more time ---
20 earlier time to focus about some things.

21 And ---

22 JUDGE HOYER: Are you finished, sir?

23 THE WITNESS: And how can one company be two entities,
24 anyway? They're distributor and they're provider. That's
25 what I can't understand.

1 Yes, Your Honor, thank you.

2 JUDGE HOYER: Thank you.

3 Any questions?

4 (No response.)

5 JUDGE HOYER: Thank you for your statement.

6 THE WITNESS: Thank you.

7 (Witness excused.)

8 JUDGE HOYER: Vic Hanko.

9 Whereupon,

10 VIC HANKO

11 having been previously duly sworn, testified as follows:

12 DIRECT TESTIMONY

13 THE WITNESS: My name is Vic Hanko, H-a-n-k-o, 302 Erie
14 Street, Edinboro, Pa., retired, and, yes, I am National Fuel
15 customer, only because they're a monopoly.

16 I don't swear to God, but, there isn't much to say,
17 'cause, I just want to get on record saying I agree with
18 everybody's complaint so far. I've had the same problems over
19 the years. Poor customer service. I hear how much profit and
20 loss they get. And I'm just going to grab one point.

21 We were gone for two months this winter, turned our gas
22 off, came back, got our bill. It was outrageously above what
23 we actually used. So, we called.

24 This --- after my wife argued for quite a long time,
25 they're said, "We'll send you an adjusted bill." Fine. They

1 didn't take my reading? They sent us adjusted billing. Still
2 way higher than what we told you on the day we called.

3 It took us four months to use the gas that we were billed
4 for, to get caught up, because they were so far above when we
5 kept telling them, our meter was shut off, the furnace was
6 off, we turned the water off. We'd been gone for two months.

7 And I think the PUC should look into their customer
8 relations, the profits and bonus, and quit charging the poor
9 people, who are on Social Security Disability and that, for
10 their extravagance.

11 Thank you, all.

12 JUDGE HOYER: Thank you.

13 Any questions?

14 (No response.)

15 (Witness excused.)

16 JUDGE HOYER: Mary Hanko.

17 Whereupon,

18 MARY HANKO

19 having been previously duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 THE WITNESS: Hi, I'm Mary Hanko, H-a-n-k-o, 302 Erie
22 Street, Edinboro, Pa. 16412. Yes, I am your customer, but not
23 by choice, and, I'm a retired educator. And, I --- this has
24 been an extremely interesting afternoon, although, rather
25 long, and I'll try to be brief.

1 I do appreciate the fact we could meet in Erie and I
2 don't have to drive to Harrisburg. I also appreciate all the
3 people, like that gentleman who drove 100 miles. I really
4 applaud him.

5 I want to thank Ken Springirth. I've never had a chance
6 to personally thank him. He's just a saint, in my book. And
7 I think all of us --- you are also consumers, too. And, let's
8 just give him a hand. Thank you so much.

9 I'm a bit confused, because, in all of my classes and all
10 my dealings with young people, whether it was at the
11 university or in public school classroom or overseas, we
12 always stress that we needed to conserve the natural resources
13 that are here, because they're very limited, and because,
14 we're not going to be here very long, and then, we'll have our
15 children and our grandchildren. And, if we foolishly,
16 wastefully use up these resources, we're leaving very, very
17 little for them. And so, therefore, the message from National
18 Fuel has me totally confused. I would really appreciate some
19 clarification on that.

20 I'm also just curious as to the person who, in National
21 Fuel, suggested this surcharge, based on usage or non-usage.
22 I think I understand that, if you don't use as much as you
23 previously did, then, you'll be penalized. Is that correct?
24 Somewhat basically simply, right?

25 This doesn't make any sense. I --- I would like to ask

1 the name of the person that suggested that, and I'd like to
2 know if he received a bonus or a promotion from National Fuel.
3 I think we have a right to know that.

4 I am concerned, because, as you heard my husband, we were
5 away some this year, for different reasons. Some were
6 medical. So, our gas usage was decreased significantly, and
7 then, how are you going to decide to assess the --- are they
8 going to be individual assessments?

9 I --- I read this paper that I think is from you. It was
10 in the hall. And, this part has me scared. For example, if
11 total usage by all, and they underlined the word "all,"
12 residential customers goes down by 5%, the charge will be
13 about \$4 over a year, based on rates proposed in this filing.
14 If total usage were to go up 5%, customers would receive a
15 credit.

16 Now, are you throwing me in along with everybody? Now,
17 this all has me confused. So, I would really --- would like
18 to go on record if you could mail something to me, so I could
19 try to understand. I would appreciate that very, very much.
20 I also would like to reiterate about the erratic readings of
21 our meter.

22 I think the other thing that I'm embarrassed about in
23 this country, and I --- I say this for a lot of reasons, is, I
24 think that the increases are motivated mainly by greed. And,
25 I think we should all be embarrassed by that. National Fuel

1 isn't losing any money. And if they don't have an increase, I
2 don't see, unless you can show it to me, that they would have
3 a loss on anything. They would still, and all the
4 stockholders would still receive an incredible amount.

5 The five people that --- I tried to take some notes, but
6 I --- it was a little bit difficult. The salaries of the five
7 highest salaries, to me, that's just incredible. I remember
8 teaching children, and I remember as a child, my teacher
9 telling me, "Oh, one million is so much, you couldn't even
10 count to a million." And if my notes are correct, Ken, I have
11 \$5,000.384. So, those poor children will never have a chance.
12 And by that time, who knows, the gas may be gone, anyway, and
13 used up by all these greedy people and the stockholders, and
14 greedy CEO's and people at the top.

15 Let's stop them. Why don't you just do what's right?
16 PUC, you are the --- you are the only intermediary we have.
17 You need to say "Stop, you're making enough money." No one
18 needs to be that greedy.

19 Possibly, the last thing, I say that, because I'm never
20 sure. I guess I kind of fit into the senior citizen now. But
21 as I looked around the room, I really wanted to applaud all
22 the wonderful seniors that were here and struggled to be here.
23 And, I listened to their stories. It's not easy for Vic and
24 for me, either. But I hear some incredible stories. And, you
25 know, as you sit there, you also will be a senior someday.

1 And, you may not be as financially fit as you are now. Even
2 so, it should make you more responsible.

3 People came to you, and they opened their hearts and they
4 told you about their struggles. You cannot dismiss them.
5 Whether they have figures correct, they're telling you they're
6 struggling. It's very, very difficult. There --- they ---
7 and no one said that they wanted National Fuel to not have
8 earnings. No one said that. They just said, "We want a
9 chance to survive, without being the sacrificial lamb for
10 National Fuel." You owe them that, you really do.

11 Thank you.

12 JUDGE CORBETT: Thank you.

13 (Witness excused.)

14 FROM THE FLOOR: Should we say the Pledge of Allegiance?

15 JUDGE CORBETT: We don't do that during the hearings,
16 ma'am, I'm sorry. If you want to do that, that's fine.

17 We have a bunch of witnesses. We'd like to get them done
18 before we have to break here for the evening session, okay?
19 Thank you.

20 Helen Skrzypczak? Skrip --- I'm sorry, ma'am. I know
21 I'm probably mispronouncing that.

22 Anthony Buffalari. Oh, I'm sorry. Mike Skrzypczak.
23 Okay, sir, thank you.

24 Anthony Buffalari. And Dennis ---

25 FROM THE FLOOR: Iaquinta.

1 JUDGE HOYER: --- (Continuing) --- Iaquinta. Okay.

2 Thank you.

3 Whereupon,

4 HELEN SKRZYPCZAK

5 having been previously duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 THE WITNESS: My name is Helen Skrzypczak. I live at 702
8 East 22nd Street, Erie, Pennsylvania. The spelling is S-k-r-
9 z-y-p-c-z-a-k. I'm a customer of National Fuel Gas. I am
10 retired.

11 People are saying that we don't have any choice. We
12 obviously do have a choice. There's also electric company
13 that we can always go to. The only thing is, the PUC also is
14 over the electric company. We could go to the fireplace, and
15 get some firewood, but then, probably, the EPA would get after
16 us, 'cause we're polluting the air. So, maybe don't have a
17 choice.

18 When --- when the PUC granted the 40% increase because of
19 Katrina, most of Pennsylvania and New York State, the gas
20 that's in the ground there, is owned by or leased by the PU --
21 - by the Pennsylvania National Fuel Gas. What is that all in
22 storage for? What are we saving it for? Why didn't we use it
23 when we had Katrina? Why did we have it --- try to get the
24 gas from Louisiana? Didn't anybody question that?

25 In 19 --- I think it was probably, really, about 1980, my

1 husband's uncle lived out in the Corry area. He received a
2 letter from one of the gas companies. I don't know whether
3 that was a National Fuel Gas Company at that time or not.
4 But, that he should appear at his attorney's office, because
5 they wanted to lease all of the gas under his plant.

6 He came back to me, and he was almost in tears, and he
7 said, "I leased that gas to them." And I said, "Why did you
8 do that?" And I said, "You didn't have to, did you?" He
9 said, "I walked into the office, and I had my attorney there,
10 and they had six attorneys there." He was so intimidated and
11 so overwhelmed by it, that he did sign the lease.

12 They --- they put it in the ground there. It's in
13 storage. He received a little over \$300 a year for storage.
14 To my knowledge, that gas has never been used. It's still in
15 storage. And that's way back to 1980. There's something
16 wrong with them, when we're both sitting at --- this is gas,
17 underneath us. If you dig far enough down in there, you're
18 going to get gas. But we cannot use it.

19 All of a sudden now, the gas company has made a ruling
20 that, the City of Erie, that we cannot bill for gas for
21 ourselves, if we want to use it in our own homes. That's
22 against the law now, because we have people through the gas
23 company. So anyway, that's the way that is, and we keep going
24 round and round all the time.

25 The Public Utility is --- PUC is --- they're nominated by

1 the Governor. And I don't think that, that's right. I think
2 what this is --- when we're --- this is a public utility.
3 This is like our air, our water. We have to have it to
4 survive. And if we don't have it to survive, there's not
5 going to be anything here. This should be held by the public,
6 themselves. They should be an elected people, somebody that
7 the people have faith in, somebody that they know, somebody
8 that's not politically appointed by --- by whoever happens to
9 be the Governor.

10 We did have one advocate that was --- I believe he was a
11 candidate several years when there was an opening on the PUC.
12 But he was overlooked. Evidently, he was not a yes man, I
13 guess. He would not quite go along with whatever they were
14 promoting.

15 My whole contention is that, 20% that --- this is the
16 other thing. When the gas company wants a raise, they will
17 come to the PUC, they'll tell you that you --- they want 60%.
18 You guys take it into advise --- you go into those sessions,
19 and you come back and say, "No, we'll give you 30%" Gas
20 company says, "Fine, we'll take it," 'cause that's the deal
21 which they wanted, anyways, but they always ask for more,
22 because they know what you're going to give them in the long
23 run. And I think that's wrong. I think that's wrong, because
24 the minute that you give them that --- that 30% raise, they
25 immediately turn around and say, "Well, we're already putting

1 in a request for another raise." We didn't even pay for this
2 one yet.

3 I think that, the 40% raise that was given to them
4 because of Katrina, the service charge that they're asking us
5 for, I think my pipes should be gold-lined by now. They
6 should be all 100 --- 24 carat gold, for the amount of money
7 I've been paying for them. But I think that --- that, 40%
8 should be rescinded, because I think that's uncalled for. I
9 think that they had enough gas here to see us through it and
10 more. Because that's a --- that's a natural resource.

11 How much does it cost to turn a valve? What did they
12 tell me that there was a delivery fee. "We have to have a
13 raise." They're not refining anything. It's in the ground.
14 All they have to do is turn a valve on and it's --- and it
15 flows into the pipes. That's all they have to do.

16 That's all I have to say.

17 JUDGE CORBETT: Thank you.

18 Questions?

19 (No response.)

20 (Witness excused.)

21 JUDGE CORBETT: Mike Skrzypczak.

22 Whereupon,

23 MIKE SKRZYPCZAK

24 having been previously duly sworn, testified as follows:

25 DIRECT TESTIMONY

1 THE WITNESS: I don't know what's the point. I lost my
2 audience. But in any event, I'm at the same address as that
3 woman before me. She's my wife for 50 years. Alright? Got
4 that recorder? I have a prepared statement.

5 JUDGE CORBETT: Alright. Before you begin, sir, would
6 you ---

7 THE WITNESS: I'm a retired engineer.

8 JUDGE CORBETT: Thank you.

9 THE WITNESS: And I'm a National Fuel Gas customer.

10 JUDGE CORBETT: Thank you.

11 THE WITNESS: The request by National Fuel Gas to add a
12 fee to a customer's monthly heating bill, if the amount of gas
13 used is below some past used number, is beyond rational
14 thinking. In fact, it is outrageous. It is now time for
15 citizens to halt this madness. Let me site some examples of
16 the system gone astray.

17 National Fuel Gas statement has an item called "Gas
18 Supply Charges," and uses the word "commodity." What
19 lamebrain came up with that word? And what lamebrain gave
20 National Fuel Gas permission to itemize gas used as a separate
21 item? These things on our bill are smoke and mirrors. It's
22 to confuse us.

23 And when did National Fuel Gas come up with a customer
24 charge of \$12.37? That was on the latest one. I've heard
25 other numbers here. Who developed that precise number? And

1 better yet, who approved that as --- that as a legitimate
2 charge?

3 And then, we also have something called a "delivery
4 charge." Can you imagine? A delivery charge. Who approved
5 that as something necessary to appear on a customer's bill?

6 And then, we have something called "GAC." Someone else
7 referred to this earlier.

8 Now, listen to this. I'm an engineer. On my last
9 bill I received a credit of .05316 per hundred cubic feet.
10 How asinine is that? A number carried out to five decimal
11 points. Who uses stuff like this? In words, that number is
12 five thousand, three hundred and sixteen hundred thousands.
13 Can you imagine? Reasonable people inventing that kind of
14 number? Where does that come from? And who passed that law?

15 In fact, all NFG's unit prices are carried out to five
16 and six decimal points. Can you imagine going to buy some
17 bread and someone says, "It costs \$2.0835"? Doesn't make
18 sense.

19 All of this is a smoke screen. It is all designed to
20 confuse the costumer. And the PUC says this is all okay. The
21 Public Utility Commission is either a joke, or the people
22 involved in approving this kind of nonsense should be fired.

23 Can you imagine buying anything else with this same
24 structured billing? No place. You can go anyplace you want,
25 and never see this kind of rationale.

1 Customers should be treated fairly, and most cases are,
2 when the market place is functioning without government
3 influence. Utilities, such as gas and electric monopolies.
4 We have no other choices.

5 If our appearance here today has no effect, then we must
6 elect legislators who will make changes to the system now
7 practiced by the Public Utility Commissioners.

8 Thank you.

9 JUDGE HOYER: Thank you.

10 Questions?

11 (No response.)

(Witness excused.)

12
13 JUDGE CORBETT: Anthony Buffalari.

14 Whereupon,

15 ANTHONY BUFFALARI

16 having been previously duly sworn, testified as follows:

17 DIRECT TESTIMONY

18 THE WITNESS: Good afternoon, PUC. My name is Anthony
19 Buffalari. I live at 6900 Silk Road, Southern Township. I'm
20 just a landlord in the City of Erie. I have 12 buildings and
21 23 apartment units.

22 JUDGE CORBETT: Alright. Would you spell your ---

23 THE WITNESS: B-u --- A-n-t-h-o-n-y, B-u-f-f-a-l-a-r-i.

24 JUDGE CORBETT: Okay. And, you're a customer?

25 THE WITNESS: Yeah, in the area.

1 I just --- I just had a few things to add. I don't want
2 to take up too much of your schedule. You know, just to begin
3 with, it's kind of a sad commentary that we're here testifying
4 against, you know, about this altogether, anyway. You know,
5 it's kind of a sad fact that, the basic needs. The basic
6 needs, you know, the basic necessities that people need for
7 everyday living, you know, food, medicine and utilities are
8 for-profit industry. You know, it's too bad that, you know,
9 it's set up in that fashion.

10 But, you know, beyond that, it's also even tougher, a
11 little more cold fact that, the, you know, basic need is for
12 profit, but also, without any --- you know, it's monopoly of
13 the system. There's no --- no competition, so, they got ---
14 you know, they got us over a barrel. But, you know, anyway.

15 You know, and I heard the word a couple times when you
16 guys were opening, about the word "investigation" being used.
17 You know, they're investigating this, and investigating that.
18 I mean, I don't understand what they're investigating, but I
19 know it's probably complex with the numbers, but, you know,
20 it's pretty much a simple equation, you know. And you know,
21 it's us against them. And you guys --- you know, they got us
22 over a barrel. They have something that we need, you know.
23 You know, we're set up for that. You know, we need gas.

24 You know, you can conserve as much as they want, but yet,
25 you know, in the end, you need --- you need to use gas for ---

1 for basic living, you know. And, you know, it's pretty much a
2 simple equation, and you guys pretty much get to decide how
3 much --- how much of our money they can take, you know. They
4 can take --- you know, if they had it their way, their company
5 is all about money, and they'd take our last dime, if they
6 could. You know, that's --- that's what a company does,
7 especially when they have shareholders.

8 But anyway, you know, as a landlord, I see, you know, the
9 last couple of winters, you know, gas is an issue now. And I
10 see some --- some issues that haven't been addressed as far as
11 safety. But my tenants, they're using alternative means to
12 heat their --- heat their places. You know, they're using
13 electric, which is okay, but they're bringing kerosene in now.
14 And they're using kerosene, which is --- which isn't healthy.
15 It damages --- it damages the apartment, you know. It
16 presents a fire hazard.

17 You know, I had a girl that rented from me. She has a
18 tenant that lives downstairs who has a fire pit, which is ---
19 and she was talking about it and she was going on, you know.
20 She made a joke, hopefully, it was just a joke, that she was
21 going to bring it inside and use it for heat in the
22 wintertime, you know, just a copper fire pit or whatever,
23 which, you know, I don't --- I don't know what the chances of
24 that are, but, you know, hopefully, it was just a joke.

25 But, you know, I've got other tenants playing with gas

1 meters. And, you know, I did lose some meters on the outside.
2 And, you know, they --- they play on the inside, too, you
3 know. One guy fixed his meter so it runs backwards, if, you
4 know, if he gets the okay from the other guy. I feel, you
5 know, that it was happening to his gas line. They play kinds
6 of games. They're equally different stuff. So, you know,
7 it's a real safety issue concern about, you know, what ---
8 what --- you know, the gas being an issue now.

9 As far as --- as far as the surcharge goes, I mean,
10 they're pretty much setting us up for a perfect catch-22, you
11 know. They got you coming or going. You know, if you use it,
12 you gotta pay; if you don't use it, you gotta pay. So, you
13 gotta find some other way to make them rich, you know. They
14 want to get rich. They got shareholders. They're like every
15 company, you know. It used to be where companies were for the
16 employees. Now, the companies are for the shareholders. So,
17 you know, find some other way to make them rich, man, you
18 know. It's not going to good for the environment, and it's
19 not going to be good for, you know, our children or whatever.
20 They're going to need the gas down the road. There's only so
21 much gas out there, so, you know.

22 And the other thing I think is kind of a joke, it's
23 necessary, but it's abused terribly is LIHEAP. LIHEAP's a big
24 joke. I go to my apartment buildings. I keep my thermostat
25 is 62, 65. And I don't feel bad for these people. They gotta

1 put two or three layers of clothes on. You know, gas is a
2 luxury, you know.

3 But, you know, when I go to one of my apartment building,
4 and they're in their underwear at 80 degrees, and I'm sweating
5 doing work in the place, you know that's --- and you know,
6 they just open a window, open a door, if they want to cool
7 off. They abuse --- the abuse is terribly. It's a terrible
8 system.

9 I think a better more effective system would be, you
10 know, if --- if the government gave landlords all the money
11 that they're giving these tenants to burn up all the gas in
12 the world, if they gave us the money to make our places more
13 energy efficient, to conserve a little bit of gas, you know,
14 at the end of the day, you're using a lot less gas, you know,
15 and you're getting --- you're getting kind of the same effect,
16 instead of just giving all these people all the money in the
17 world to burn up all the gas, and they just crack a window if
18 they get too hot. You know, it's just ridiculous, you know,
19 with the LIHEAP and the Neighbor-for-Neighbor stuff. That's
20 just been my experience. But I know there's a lot of people
21 that need it, but it's --- it's abused terribly.

22 You know, and, you know, that's pretty much the end of
23 me. You know, and NFG hears our cry, and hears our stories,
24 but what they're more interested to hear at the end of all
25 this is, you know, the applause of their shareholders that

1 they were successful and --- and suck more of our money down.
2 You know, that's --- that's what it's all about. I mean, and,
3 you know, I know you guys are given a lot of sad stories, and
4 you know a lot of --- a lot of letters and stuff like that.
5 And, you know, you're going to go home after all of this, and
6 probably forget a lot of the details, the particulars, and
7 you're going go home, presumably to a nice home and stuff like
8 that.

9 And, you know, I just think, you know, there are a lot of
10 people here, a lot at stake. And there's a lot --- you know,
11 a lot to be considered, and, you know, like, what --- what Mr.
12 Springirth said, you know, maybe one of the prospective ways
13 would be, you know, that the executives go from \$5 million a
14 year down to \$2 million a year. I mean, that --- that's just
15 not fathomable. I mean, how many people have to struggle?
16 How many hundreds of thousands of people have to struggle
17 every --- you know, every month paying their bills, so these
18 guys have --- make \$5 million? That's just --- I mean it
19 would be funny to see what their decrease would be a lifetime.
20 That's just, you know, how rich do you gotta be, and how many
21 people have to struggle, so they can just --- you know.

22 So, you guys got a lot to think about, and, you know,
23 hopefully, you make the right decisions. You know, hopefully,
24 this isn't just all, you know, going in one ear and out the
25 other ear.

1 okay, in many reasons. Some of them have lost hope, okay.
2 True mental illness, physical, for what they have endured.
3 Some left go homeless. We all see that on TV, and that's
4 what's going on here in Pennsylvania and throughout the state.
5 It has increased tremendously.

6 Secondly, we are in a war right now in the Middle East.
7 And I'm sure that this was overlooked. You have a family
8 that's making a good living. They've been deployed overseas.
9 Possibly, their wives even get deployed. Now, you got the
10 grandparents, you got the aunts, uncles or friends, take care
11 of the kids. There is no consideration, because they have
12 their --- their livelihood has reduced. The fuel is going up.
13 And how are they going to pay for it? How are their kids
14 going to be taken care of? And there's nothing in place for
15 an emergency person who is in the Reserves or Active Service,
16 and who has a home in Erie, Pennsylvania, or throughout the
17 rest of the Commonwealth of Pennsylvania.

18 Now, I have a situation here, was very appalled to having
19 energy conservation. I did everything that was on this
20 pamphlet. I heard everybody else saying that. They even
21 called National Gas. "Come over and help me out and have a
22 strategy of how to reduce the bills." Bills were between \$250
23 and \$350 a month, four-and-a-half years ago. I realize
24 everything's going up, and I won't be able to afford that
25 house. I'm going to have to sell it.

1 So, I got --- put on new roof. I took out all the
2 insulation. Yes, folks, I have taken out all the insulation
3 that is pink and yellow. And I have put high-density foam.
4 Windows, doors, plugged up every leak, furnace, and a
5 waterless, or a tankless hot water tank. I had reduced the
6 bills in December to \$64 a month. And my highest bill was
7 \$138, by doing this.

8 And you're --- and, approximately 9:45 p.m., I'm having a
9 knock on the door. "This is the gas company." Well, I
10 thought something went wrong, you know, we have a gas leak,
11 whatever. No. "We have to check your house."

12 He came through the house, boots on, tracked up the whole
13 house. Went through the basement, checking everything in the
14 house out, and saying, "What other auxiliary fuel am I using?"
15 I says, "Nothing." We even had plastic around the walls, to
16 prevent the wind, and break down the wind, and preserve the
17 gas. He says, "Nobody can go down from \$250 to \$350, to down
18 to \$64." And here, on your pamphlet here, you have, you can
19 be shut off for stealing utility services, getting service
20 through fraud, tampering with your meters.

21 My son asked a question. "You're here to investigate.
22 Don't you think that we had some other source of getting a
23 natural gas?" And the guy said, "Yeah." Well, we're just
24 about to escort him out. Doing what we're supposed to do, and
25 then, we go and get penalized 4% for saving fuel. Does that

1 make sense? And get it back, if we're going to have an
2 increase?

3 My business used less gas than my home, and my gas bills
4 are higher than my home. Figure that out.

5 And, one lady today said, "We're a Commonwealth in
6 Pennsylvania. The Governor, if he wants to, can put a freeze
7 on gas." Well, that would never happen, because all the
8 contributions from National Fuel Gas to the politicians to
9 vote in favorable fashion, or listen to them. That should be
10 outlawed.

11 When you have --- when you lose you freedom of choice,
12 and that's a right of that flag, you should have a choice.
13 And we don't have it in the Commonwealth of Pennsylvania. And
14 we need to get that choice. And we need not to get penalized.

15 In this locality, we have many factories, that was
16 probably paying \$40, \$50, \$60,000 dollars or more a month.
17 But the forges and the steel mills, and they're closed down.
18 There's no revenue for the gas company right now.

19 I'm a businessman. They had to make up their losses, but
20 don't make it up, the losses, through the citizens. Make it
21 up through conserve by your company.

22 A few years back I went to Zurich. And they have a law
23 out there that, all their utility trucks, and all the
24 transportation, if you are idling for more than five minutes,
25 you need to shut it down.

1 In front of my business on Peach Street, from
2 approximately, 9:00 in the morning, till 2:00 in the
3 afternoon, that truck was never shut down. How much fuel is
4 that truck burning up just for idling? And multiply that by
5 how many thousands of trucks throughout the whole system. You
6 could afford to help the people who cannot afford it.

7 Thank you.

8 JUDGE CORBETT: Thank you, sir.

9 (Witness excused.)

10 JUDGE CORBETT: We'll call the next three witnesses:
11 David Steves, Richard Coleman, Ophelia Williams. And do we
12 have a C Mcadory here? Would you come forward, please?
13 Whereupon,

14 DAVID STEVES

15 having been previously duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 JUDGE CORBETT: Would you begin, Mr. Steves, by giving us
18 your full name?

19 THE WITNESS: My name is David Steves, S-t-e-v-e-s in
20 victor-e-s, from 145 Gould Street, G-o-u-l-d, Corry,
21 Pennsylvania 16407. I'm a substitute teacher, and I am a
22 National Fuel Gas customer.

23 Pardon me if I try to remember exactly the rate
24 increases. Three-and-a-half hour of meeting is a long time.
25 When reading through the National Fuel proposal, it says,

1 "Factors leading to the request includes increases in the cost
2 associated with the company's ongoing construction program,
3 which consists primarily of non-revenue producing replacements
4 of older pipelines."

5 However, when you look at the back of the National Fuel
6 Gas bill, it says, "Customer charge," currently \$12, I
7 believe, for 30 days of coverage, that it is being request ---
8 requested to go up to \$20 and some odd cents. "The customer
9 charge is a monthly charge to cover National Gas distribution
10 costs --- " "or Distribution Company costs, such as
11 maintaining gas lines, meter reading and billing."

12 As I see it, they're asking for an increase in rate, so
13 that, they can keep doing the job that they're doing.
14 Maintaining the gas lines. That would be replacing old,
15 faulty lines. That's the way I read it. That's the way it's
16 kind of been explained to me every time I've called, saying,
17 "What is this customer charge? How is it supposed to be?"

18 Other parts of that say, "meter reading." I have before
19 me a bill from January of '05. And looking on the back of it,
20 I had 11 straight months, from January of '04, until November
21 of '04, that there was no meter reading done, whatsoever. And
22 in actual fact, my wife and I called National Fuel three to
23 four different months, saying, "Why you estimating? Why you
24 estimating?" It is our belief that, they would not have read
25 the meter in December of '04, had we not been calling.

1 Furthermore, my wife and I and our children tend to, in
2 the wintertime, we've heard 62. We take our thermostat for
3 the house, turn it down to between 50 and 55 degrees. Then we
4 take, and we have rooms that can kind of be sealed off from
5 the rest of the house, and we go and heat those with electric
6 space heaters. Thereby, we're not having to heat the rooms
7 that we don't need to use. However, and --- and I have a year
8 plus, about two years' worth of bills, showing my consumption,
9 or my family's consumption, to decrease dramatically, by just
10 doing that, using space heaters.

11 What I have been understanding, and what I've been
12 hearing a lot, and agreeing with, is that, because I have been
13 saving money, because I've gone out and said, "I'm going to
14 buy an electric space heater and heat one, two, three rooms of
15 my house," I'm going to be charged more for it.

16 Furthermore, as I was looking at my electric bill, also,
17 I find that, this what the Penelec, also covered by the PUC,
18 customer charge. Part of the monthly basic distribution
19 charge to cover costs for billing, meter reading, equipment,
20 maintenance and advance metering, when in use. Very similar
21 to a monthly charge to cover NGDC costs, such as maintaining
22 the gas lines, meter reading and billing.

23 The electric company charges \$6.81 a month. National
24 Fuel charges \$12, and wants to go up to \$20 plus. That would
25 be three times more than a company that usually reads the

1 meter, thank you. I also have --- this (indicating) is a June
2 13th bill. One estimated out of 13 months. National Fuel
3 estimates every other month, if not more. So, in other words,
4 they're asking for an increased rate, for a company that reads
5 a meter. I mean, dramatically, considering that they're
6 providing almost the same services. I see more electrical
7 lines down, than I see gas lines ruptured. And usually, if
8 there's a gas line rupture, it's because somebody dug without
9 getting permission to dig and all that. And so, you have the
10 fact of the matter that, they actually broke the law, they
11 didn't get permission to dig, and so, they end up getting
12 fined, and that's almost paying for the gas line.

13 My concern is that, we're getting double charged for
14 something that they've been charging us for already,
15 maintaining the gas lines. They want to give us a surcharge.
16 We're being more efficient. My family's also putting in
17 replacement windows, to try and keep the heat in. And now I'm
18 going to get charged, because I'm going to be using even less
19 gas.

20 It's a concern I'm sure, of everyone here, people weren't
21 here. My father is a dentist. And he's amazed that, the gas
22 rates are so high. And, if he could be here, he would be.

23 All I'm asking is that, you please consider that they're
24 already getting paid to maintain these lines, which is what
25 they want this increase for, to put new lines is. They're

1 already getting paid to read the meter, which they only do
2 every other month. Okay. They get paid for billing, which,
3 as some people have said, "I used no gas in the month --- "
4 "in a month," or, very little gas. And they're billing for
5 that.

6 So, I ask, and I thank you again, as everyone else has,
7 for coming to Erie, and, ask you to please consider this
8 request to deny these rate increases, basically, on the
9 grounds, from my standpoint, that, they're already getting
10 paid to do the jobs they say they need the increase for.

11 So, thank you very much.

12 JUDGE CORBETT: Thank you, sir.

13 Questions?

14 (No response.)

15 JUDGE CORBETT: Richard Coleman.

16 Whereupon,

17 RICHARD COLEMAN

18 having been previously duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 THE WITNESS: My name is Richard Coleman. Address is
21 4021 Zimmerman Road, Erie, Pennsylvania 16510. I'm self-
22 employed.

23 JUDGE CORBETT: I'm sorry, sir, would you spell your last
24 name for the court reporter?

25 THE WITNESS: Sure. Coleman is C-o-l-e-m-a-n.

1 JUDGE CORBETT: Thank you.

2 THE WITNESS: I'm a self-employed Certified Financial
3 Planner. And I've been an NFG customer for 26 years.

4 I to want to thank you for coming to Erie. I didn't want
5 to drive five hours to Harrisburg.

6 I, like those before me, am opposed to the rate increase
7 and --- and the surcharge. To me, there seems to be a --- a
8 disconnect between NFG and its consumers. They're real
9 humans, and not account numbers. And these humans are
10 actually struggling with their --- with their utility bills,
11 which we keep presenting with unreasonable rate increases.

12 Mind you that, currently, the only remedy that we have,
13 as NFG consumers, to manage the out of control bills that we
14 have, is to --- is to cut back on our consumption. And that -
15 -- that's about it. And, I know for --- for me and my family,
16 that, with two daughters getting married last year, and one
17 going off for college, we're really counting our pennies.
18 We're really watching. So, we, for one, have taken two steps.
19 First, we turned down the thermostat to 62, turned off the
20 registers in the unused rooms. We've also installed a wood
21 burning stove, which --- which is only used when we're home.
22 When we're away at work, we have to use 62 degrees.

23 I'm therefore, like many before me, appalled that NFG
24 wants to penalize me and others who have taken such measures,
25 by asking for an increase to cover decreased consumption.

1 Like the site what Keith Farnham said, and also, Mr. Amon
2 before me, as, you know, testimony that I'm definitely
3 applauding.

4 And, in conclusion, because many of us are conserving
5 National Gas, they want us to pay more, so, what do we have
6 left? If by conserving it doesn't respectively reduce our gas
7 bills, by the extent to which we conserve, by then increasing,
8 because of our consumption, what other alternative do we have
9 to manage our --- our gas bills? I don't think there is any.
10 So, I am pleading with the Commission to not permit an
11 increase in either the rate or the surcharge.

12 Thank you.

13 JUDGE CORBETT: Thank you, sir.

14 Questions?

15 (No response.)

16 JUDGE CORBETT: Ophelia Williams.

17 Whereupon,

18 OPHELIA WILLIAMS

19 having been previously duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 THE WITNESS: Good evening, my name is Ophelia Williams.
22 I reside at 1257 West 8th Street, in Erie, Pennsylvania.
23 Williams, W-l-l-i-a-m-s. Along with my husband, I am,
24 combined with my VA time and my service that I'm doing now,
25 have 30 years of working experience with the U.S. Government.

1 And my husband is a retired correctional officer.

2 Not like most of the people here ---

3 JUDGE CORBETT: Are you still a --- are you a customer of
4 NFG?

5 THE WITNESS: I am a customer of National --- National
6 Fuel, yes.

7 JUDGE CORBETT: Thank you.

8 THE WITNESS: Not like many of the people here who are on
9 fixed income, my husband and I have a very comfortable salary.
10 We are blessed. But, in my job, where daily travels take me,
11 I am a letter carrier for the City of Erie. And it breaks my
12 heart when I come to some of the senior citizens' homes to
13 deliver their meal, and they come to the door to receive it,
14 dressed in coats and with wraps. And then, my neighborhood,
15 so many of the homes are going up for sale, because they're
16 forced to sell their homes, because they can't certainly pay
17 the utility bills.

18 Now, National Fuel uses their 40% rate increases that
19 they got because of Katrina. And I think, basically, it's ---
20 it was a money maker. Somebody wanted to get fat in the
21 pockets. And I think it's a shame. And I want to ask each
22 one of you to ask yourself, "What can I do as a member of this
23 Board? What can I do to alleviate or to help each person in
24 the City of Erie and the City of --- " "in the State of
25 Pennsylvania, to become more comfortable, where, the people

1 who have struggled so hard to live and to buy these homes,
2 would not have to give them up simply because of greed?"
3 Because, that's basically what it is. It's not because they
4 need it.

5 And I think it's awful, and I want you to ask yourself as
6 an individual person, "What can I do, what can I say, what can
7 I --- " "how can I address this, so that, everybody can have a
8 comfortable way out, and that, there will be people that won't
9 have to struggle and make decisions on whether they pay their
10 utilities, or whether they buy their medicines, or whether
11 they eat?" And believe me, it's out there. I see it every
12 single day that I deliver mail. Somebody, mostly seniors and
13 the people that are on the low income families, they can't ---
14 they simply can't afford it.

15 Gas is being turned off every single day. People that
16 have --- that have medical problems, that need their gas,
17 people that have children, that need their gas. I --- I'm
18 simply here to say no to a rate hike, and no to a surcharge.
19 There is no reason for it. I'm here simply to say, where
20 would the money come from? Where did it come from when you
21 have senior citizens on fixed income, who are getting Social
22 Security?

23 I --- I went by National Fuel to get a printout of my
24 bill. And here (indicating) it is. The highest one of these
25 monthly paid bills, none of them was late, and none of them

1 had a carryover. But my highest bill last year, for 1257 West
2 8th, was \$742, for one month. My 83-year-old mother-in-law's
3 was \$842, for one month. If she didn't have children, adult
4 children, who could give her money to help her, there is no
5 way she could pay it.

6 I'm here to simply say to you that, there is --- I'm not
7 here to say that, how National Fuel is making their money, or
8 whose salary should be cut, or --- I'm simply here to say
9 that, there is no money, there is no more money in the
10 households of the seniors, or in the household of low income
11 families. And I want you to think about it, that, whenever
12 you are put over as stewardships, to make decisions, that's a
13 decision that you are going to have to live for. Make sure
14 that you, in your heart, make a right decision, because you're
15 going to be held accountable, not here on earth, but by God.

16 Let's do something to help our seniors. And tell those
17 people that are doing it just for greed, simply, "No."

18 Thank you.

19 JUDGE CORBETT: Thank you.

20 (Witness excused.)

21 JUDGE CORBETT: One witness who was not called before was
22 C. Mcadory. Would you come forward, please? I don't believe
23 you were sworn, ma'am. Would you care to raise your right
24 hand and be sworn, or take the oath?

25 (Witness sworn.)

1 Whereupon,

2 C. MCADORY

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE CORBETT: Would you begin, please, by giving us
6 your full name, and spell your last name for the court
7 reporter?

8 THE WITNESS: My name C. Mcadory, M-c-a-d-o-r-y.

9 JUDGE CORBETT: And where do you live?

10 THE WITNESS: I live at 828 East 24th Street, Erie,
11 Pennsylvania 16503. And I am a National Fuel consumer, and I
12 am a disabled person with diabetes, heart condition, high
13 blood pressure.

14 JUDGE CORBETT: Okay. And with that, could you give us
15 your statement?

16 THE WITNESS: Okay. I will start first with your
17 Responsible Utility Customer Protection Act sheet that was out
18 on the front desk. And under it, the word "termination," it
19 says, "Your utilities can be --- " "service can be shut off,"
20 and it gives you a month, "if you fail to be a responsible
21 utility customer."

22 Well, the coldest winter we had here, my utilities was
23 cut off. Not because I was not a responsible utility
24 customer, but because I couldn't afford to pay the amount that
25 National Fuel requested. Not that I was not paying them, but

1 I couldn't afford to pay the amount that they wanted. So,
2 they cut my utilities off. Okay?

3 And this year, one of the hottest summers that we had in
4 Erie, I received a \$500 gas bill in July. Why I would do that
5 I have no idea. Okay? I've been paying my gas bill. I had a
6 program set up by PUC. I've been paying it all the way up
7 until June. And they cut my gas off, 'cause they said I
8 wasn't paying the gas bill. When I approached the PUC for a
9 hearing, I was denied a hearing, because the gas was already
10 cut off.

11 So, there seems to be some conflict in what the
12 foundation of the PUC was to be for --- an advocate for the
13 consumer, but it seems that they're an advocate for National
14 Fuel Gas. That's the way most of us that --- that have our
15 utilities cut off and use the PUC as an advocate, but they
16 always, no matter how much information you give the PUC,
17 documentation, they always favor National Fuel Gas in the end.

18 I don't know what can be done, other than, like previous
19 people have said, we elect people, instead of them being
20 appointed. But, at this point, right now, we need you to say
21 no to any increases, as the lady before me said. There is no
22 more money. We have no more money. I have no more money to
23 give National Fuel Gas. I do the best I can with what I have.
24 And that is never enough.

25 It's really hard to come here and try to explain it to

1 you, because if you're not on the other end of the --- the
2 page, you don't know what it's like to live in --- to be in a
3 house, wrapped up in blankets and sit before an electrical
4 heater to try to stay warm, trying to keep from being
5 frostbitten, because you have a disease that can kill you.
6 You know, you don't know what that's like. And since I don't
7 have anybody to turn to, other than somebody that will shut
8 the door in your face and say, "Well, they can do anything
9 they want to do." And that's basically what you told me, year
10 after year.

11 There's just two questions I would like for you to get
12 back to me on. And that is, is there the area that the
13 Administrative Law Judges are assigned to? And if not, I
14 would like to know why one particular Judge is always over
15 every hearing that is done in Erie, Pennsylvania, and he
16 always sides with National Fuel gas? If you could get back to
17 me on that?

18 JUDGE CORBETT: I think, what you want to do, Ms.
19 Mcadory, is, we have a representative here from the
20 Commission, that you can ask those questions to. Her name is
21 Jennifer Kocher. And, I don't see her right this minute. She
22 may be out in the hall. But, you can ask her.

23 THE WITNESS: Okay. Well, if she's not here, I can't get
24 --- I'd like for you to get back to me on that, because, you
25 know, you're a public --- you're a public entity, and it seems

1 like, whenever you write down the questions and send them to
2 the PUC, they're never answered, that you never get the
3 response to it, just like, if you ask National Fuel Gas, and
4 the gentlemen right here (indicating), they're going to always
5 smoke, glass, mirrors you have on you --- on your bill, when
6 you ask why these charges are being charged and how you can
7 get them reduced. Since you want me to read the meter, I'm
8 thinking why should I be charged \$4? I think that, you know,
9 you should reduce that --- that rate, since I have to read the
10 meter for you. But, you know, it just seems to be a lot of
11 smoke, glass, mirrors here. So, I guess ---

12 JUDGE CORBETT: Okay.

13 THE WITNESS: Am I going to get my question answered
14 right now, that I said?

15 JUDGE CORBETT: No, you can have your questions answered
16 right now. Ms. Kocher's right here by the door. You can see
17 her. She's the lady standing by the door.

18 Thank you.

19 JUDGE CORBETT: Alright.

20 (Witness excused.)

21 JUDGE CORBETT: Christine Pontoriero.

22 Whereupon,

23 CHRISTINE PONTORIERO

24 having been previously duly sworn, testified as follows:

25 DIRECT TESTIMONY

1 THE WITNESS: Thank you very much, Judge.

2 JUDGE CORBETT: Sure.

3 THE WITNESS: First of all, my name is Christine, with a
4 C-h, last name, Pontoriero, P as in Peter-o-n-t-o-r-i-e-r-o.
5 282 Lovell Place, Erie, 16503.

6 I am a retired Commonwealth employee. I'm also running
7 for First District State Representative, and along with Ken
8 Springirth, we held some workshops that brought all this
9 forth, and brought all that paper down to the PUC office to
10 file the Complaints.

11 Judge, a woman by the name of Judy Pantalone, asked to
12 have this read to you, if I can read it, or I can just ---

13 JUDGE CORBETT: I'm sorry, you can't. That's one thing
14 you cannot do. It's hearsay. And the reason why we can't do
15 that, so that everyone understands, people who come in to
16 testify, do so under oath, and they are placed on the record.

17 THE WITNESS: Alright.

18 JUDGE CORBETT: They have been subject to cross-
19 examination.

20 THE WITNESS: Alright.

21 JUDGE CORBETT: You can represent yourself as an
22 individual, but you can't represent someone else. And you
23 can't come in to testify as to what somebody else is going to
24 say. So, I'm sorry, but, you know, if you have a statement
25 from somebody else, they can certainly appear tonight, but we

1 can't allow the statement in.

2 THE WITNESS: Alright. May she -- may I continue?

3 JUDGE CORBETT: No, we can't, because, we can't consider
4 something that is off the record. It has to be on the record,
5 and it has to be subject to cross-examination. Okay?

6 THE WITNESS: I understand, but I have a statement to
7 make to you.

8 JUDGE CORBETT: Sure.

9 THE WITNESS: First of all, I am grateful to you, the
10 Commission, for being here today. I just wish that it were in
11 January or February, when you really see what it's like to be
12 here when those winds blow off that lake. And that's an
13 editorial comment on my part.

14 You have allowed the people of the northwestern part of
15 Pennsylvania, you've allowed them to open their hearts to you,
16 and they're directly affected by your Decision. To voice your
17 opinion on an issue that's so vital to so many families and
18 people of this community, I am grateful. So many people have
19 had the courage to come forth in this difficult time to be
20 part of this very important process.

21 Thank you.

22 JUDGE CORBETT: Thank you very much.

23 (Witness excused.)

24 JUDGE CORBETT: Thank you all for coming, and, we're now
25 in recesses until 7:00.

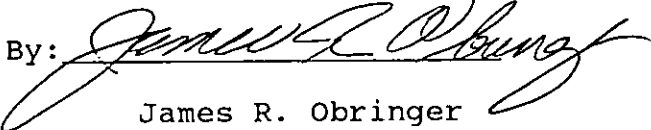
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(Whereupon, at 5:56 p.m., the hearing was adjourned, to be reconvened at 7:00 p.m., the same day.)

C E R T I F I C A T E

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

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